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Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

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HIGHLIGHTS: Rep. Hope introduced farm program bill. Committee was authorized to report it during House recess. Senate committee voted to continue rigid price supports and took other actions on farm program bill. Senate passed bill to continue trade agreements program 1 year. Rejected Mundt amendment to strengthen Sec. 22 on farm imports. Sen. Bowring spoke favoring flexible price supports. Senate committee voted to report bill to regulate pesticide chemicals. Sen. Douglas defended NRECA regarding amendment to increase REA appropriations. Both Houses received buildings lease-purchase bill. House passed measure continuing farm housing program 1 month. House committee was authorized to report foreign aid bill during House recess. Committee voted to report this bill, and it was cleared by Rules Committee. Rep. Chipenfield introduced this bill.

SENATE

1. FARM PROGRAM. The "Daily Digest" states: "Committee on Agriculture and Forestry ...continued its executive consideration of S. 3052,... following which it announced the following actions: (1) By a vote of 8 to 7, agreed to extend mandatory 90 percent of parity price supports for the basic crops for 1 more year; (2) Agreed to retain mandatory price supports for tung nuts and honey between 60 and 90 percent of parity; and (3) Agreed to introduce a separate bill to extend the authority of the Secretary of Agriculture to make agricultural conservation payments on a national basis. The committee defeated, by a vote of 9 nays to 6 yeas, a motion to extend mandatory 90 percent of parity price supports for the basic crops for 2 years." (pp. D731-2.)
2. TRADE AGREEMENTS. Passed, 71 to 3, with amendment H. R. 9474, to continue for 1 year (until June 12, 1955) the President's authority to enter into reciprocal trade agreements (pp. 8345-78, 8381-416). Agreed to an amendment by Sen. Johnson, Colo. (for Sen. Symington) to prohibit action under this authority which would decrease the duty on any article by an amount that would threaten supplies to meet national defense needs (pp. 8415-6). Rejected the following amendments: By Sen. Mundt, providing that if the Tariff Commission finds that imports of any commodity will materially hamper the price-support program, the President shall impose up to 50% fees on such articles; by a 23-52 vote (pp.

8408-13).

By Sen. Malone, to establish a Strategic and Critical Minerals and Materials Authority (pp. 8413-15).

During debate on the bill, Sen. Malone stated that farmers have what amounts to a protective tariff through price supports (pp. 8376-7).

3. PRICE SUPPORTS. Sen. Bowring spoke in favor of the Administration's recommendations for flexible price supports (pp. 8378-80).
4. REA APPROPRIATIONS. Sen. Douglas explained the development of his amendment to increase the REA item in the agricultural appropriation bill by \$35 million and defended the activities of NRECA in this regard (pp. 8417-19).
5. PESTICIDE CHEMICALS. The Labor and Public Welfare Committee voted to report (but did not actually report) with amendment H. R. 7125, to amend the Federal Food, Drug, and Cosmetic Act with respect to residues of pesticide chemicals in or on raw agricultural commodities (p. D732).
6. BUILDINGS. Both Houses received the conference report on H. R. 6342, to authorize GSA to acquire real property and to provide for construction of public buildings thereon by executing purchase contracts (pp. 8419-21, 8427-9).
7. VIRGIN ISLANDS. Senate conferees were appointed on S. 3378, to revise the Virgin Islands organic act, with a provision regarding importation of diseased animals (pp. 8335-40). House conferees have not yet been appointed.
8. NOMINATION of Lewis G. Castle, to be Administrator of the St. Lawrence Seaway Development Corporation, was received (pp. 8335, 8426).
9. LEGISLATIVE PROGRAM. The Labor-HEW appropriation bill was made the unfinished business. Sen. Knowland indicated that the Indian extension work bill would be considered today, the calendar of bills would be read Sat., and debate on the tax bill would begin Mon. (pp. 8416-7).

HOUSE

10. FARM PROGRAM. The House Agriculture Committee considered further the diverted acres question in connection with the farm program bill. The Committee was authorized to report the bill, H. R. 9680, during the House recess (until midnight June 26). It is expected that the bill will be reported today. (pp. 8435, D733.)
11. FOREIGN AID. The Foreign Affairs Committee ordered reported (but did not actually report) H. R. 9678, the Mutual Security Act of 1954. The Committee was given permission to have until midnight tonight, June 25, to file its report and the Rules Committee granted a rule providing for general debate on, and waiving points of order against, this bill. (pp. D734-5)
12. DEFENSE APPROPRIATION BILL, 1955. Agreed to the conference report on this bill H. R. 8873 (pp. 8430-1). The Senate has not yet acted upon the report.
13. HOUSING LOANS. Passed without amendment S. J. Res. 167, to continue various housing laws for July 1954 pending enactment of the regular housing bill (p. 8435). This measure authorizes \$8,500,000 additional for loans under the farm housing program administered by this Department, plus additional amounts for contribution under the program. This bill will now be sent to the President.

14. RICE. Rep. Thompson, La., discussed problems in the production and disposal of rice through markets especially with regard to the rice-trade difficulties between the U. S. and Cuba (pp. 8443-5).
15. RECLAMATION. The Interior and Insular Affairs Committee ordered reported (but did not actually report) H. R. 8498, to authorize construction of a dam across the Colorado River, to reestablish for the Palo Verde Irrigation Dist., Calif., a means of diversion of its irrigation water supply from the Colo. River; and S. J. Res. 165, providing for construction of Glendo unit, Wyo., Missouri River Basin project (p. D734).
16. MINERALS; PUBLIC LANDS. The Interior and Insular Affairs Committee ordered reported (but did not actually report) H. R. 8896, to amend the mineral leasing laws to provide for multiple mineral development of the same tracts of the public lands (p. D734).
17. ADJOURNED until Mon., June 28 (p. 8446).
18. LEGISLATIVE PROGRAM: Rep. Halleck announced that the foreign-aid bill will be ready for consideration on Mon. and that for Tues. and the balance of the week, "we shall continue and conclude the MSA Authorization Act. Then we hope to take up next the Agricultural Act of 1954...." Rep. Rayburn asked if it was not the purpose "to allow nothing to come between the MSA bill and the agriculture bill," and Rep. Halleck agreed that was the purpose except for conference reports. (p. 8434.)

BILLS INTRODUCED

19. FOREIGN AID. H. R. 9678, by Rep. Chipenfield, to promote the security and foreign policy of the U. S. by furnishing assistance to friendly nations; to Foreign Affairs Committee (p. 8447).
20. WATER COMPACT. H. R. 9679, by Rep. Brooks, Tex., granting the consent of Congress to a compact entered into by the States of Louisiana and Texas and relating to the waters of the Sabine River; to Interior and Insular Affairs Committee (p. 8447).
21. FARM PROGRAM. H. R. 9680, by Rep. Hope, to provide for continued price support for agricultural products; to augment the marketing and disposal of such products; to provide for greater stability in the products of agriculture; to Agriculture Committee (p. 8447).
22. EDUCATION. H. R. 9686, by Rep. Holt, to amend P. L. 815, 81st Congress, in order to extend for an additional year the program of assistance for school construction in federally affected areas; to Education and Labor Committee (p. 8447).

ITEMS IN APPENDIX

23. ST. LAWRENCE SEAWAY. Extension of remarks of Rep. Oakman commending approval of the St. Lawrence Seaway (p. A4631).
24. FOREIGN TRADE. Sen. Fulbright inserted a Daily Courier-Democrat editorial discussing the 1-year extension of the Trade Agreements Act, and claiming this is a "warmed-over Democrat law that has served its purpose and needs expanding" (p. A4632).

25. SURPLUS COMMODITIES. Rep. Gavin inserted an Oil City Derrick editorial, "Taxpayers Pick Up the Check", criticizing S. 2475, the surplus disposal bill (p. A4632).
Sen. Holland inserted a Christian Science Monitor editorial, "Surpluses Plus Surpluses", criticizing rigid price supports (p. A4647).
26. PRICE SUPPORTS. Sen. Williams inserted a Wilmington Morning News editorial commending the recently announced wheat production controls and the cross-compliance requirement for 1955 crops (pp. A4647-8).
27. RECLAMATION. Rep. Rees inserted a statement of opposition by the people living in the vicinity of the proposed Toronto Reservoir on the Verdigris River, Kans. (p. A4637).
28. COFFEE. Rep. Sullivan inserted her letter to the Secretary of State calling his attention "to facts as they have been coming to the surface with regard to the artificially rigged 'scarcity' of coffee" (p. A4638).
29. ELECTRIFICATION. Sen. Case inserted a letter he received from the Department in response to a constituent's inquiry relative to a possible difference in figures released by the Department and the financial information in the REA annual report for 1953 (p. A4647).
Rep. Price inserted a Nat'l Rural Electric Cooperative Ass'n resolution urging Congress not to amend the provisions of the Atomic Energy Act which prohibit private patents on atomic-power developments (p. A4648).

COMMITTEE HEARINGS RELEASED BY GPO

30. UNEMPLOYMENT COMPENSATION. H. R. 6537, 6539, 7054, 8857, and 8585, to provide unemployment insurance for Federal civilian employees, and to liberalize unemployment compensation to persons unemployed because of Federal trade or tariff policy. H. Ways and Means Committee.
31. LABOR-HEW APPROPRIATIONS, 1955. S. Appropriations Committee.

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COMMITTEE HEARING ANNOUNCEMENTS FOR JUNE 25: Farm program bill, H. Agriculture (exec). Aztec forest lands, S. Interior (Crafts and Mason, FS, to continue testimony). Surplus commodities disposal, conferees (exec). Trip-leasing bill, S. Commerce. Vehicle pools, discontinue reports, payments in lieu of taxes, S. Government Operations (exec). Pay raise and retirement bills, H. Post Office and Civil Service (exec).

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83D CONGRESS
2D SESSION

H. R. 9678

IN THE HOUSE OF REPRESENTATIVES

JUNE 24, 1954

Mr. CHIPERFIELD introduced the following bill; which was referred to the Committee on Foreign Affairs

A BILL

To promote the security and foreign policy of the United States by furnishing assistance to friendly nations, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Mutual Security Act
4 of 1954".

TITLE I—MUTUAL DEFENSE ASSISTANCE

CHAPTER 1. MILITARY ASSISTANCE

7 SEC. 101. PURPOSE OF CHAPTER.—The Congress of
8 the United States reaffirms the policy of the United States
9 to achieve international peace and security through the

1 United Nations so that armed force shall not be used ex-
2 cept in the common defense. The Congress hereby finds
3 that the efforts of the United States and other nations to
4 promote peace and security require additional measures of
5 support based upon the principle of continuous and effec-
6 tive self-help and mutual aid. It is the purpose of this
7 chapter to authorize measures in the common defense, in-
8 cluding the furnishing of military assistance to friendly
9 nations and international organizations in order to pro-
10 mote the foreign policy, security, and general welfare of
11 the United States and to facilitate the effective participa-
12 tion of such nations in arrangements for individual and
13 collective self-defense. In furnishing such military assist-
14 ance, it remains the policy of the United States to con-
15 tinue to exert maximum efforts to achieve universal control
16 of weapons of mass destruction and universal regulation
17 and reduction of armaments, including armed forces, under
18 adequate safeguards to protect complying nations against
19 violation and evasion.

20 The Congress reaffirms its previous expressions favor-
21 ing the creation by the free peoples of the Far East and
22 the Pacific of a joint organization, consistent with the
23 Charter of the United Nations, to establish a program of

1 self-help and mutual cooperation designed to develop their
2 economic and social well-being, to safeguard basic rights and
3 liberties and to protect their security and independence.

4 SEC. 102. GENERAL AUTHORITY.—Military assistance
5 may be furnished under this chapter on a grant or loan
6 basis and upon such other appropriate terms as may be
7 agreed upon, by the procurement from any source and the
8 transfer to eligible nations and international organizations of
9 equipment, materials, and services or by the provision of any
10 service, including the assignment or detail of members of
11 the Armed Forces and other personnel of the Department
12 of Defense solely to assist in an advisory capacity or to per-
13 form other duties of a noncombatant nature, including mili-
14 tary training or advice.

15 SEC. 103. AUTHORIZATIONS.—(a) There is hereby
16 authorized to be appropriated to the President, in addition
17 to appropriations authorized by sections 104 and 105, not
18 to exceed \$1,430,300,000, to carry out the purpose of this
19 chapter; and, in addition, unexpended balances of appropria-
20 tions for military assistance under each paragraph of the
21 Mutual Security Appropriation Act, 1954 (except the ap-
22 propriation for mutual special weapons planning), are hereby
23 authorized to be continued available for the purpose of this

1 chapter and to be consolidated with the appropriation
2 authorized by this subsection; all of which is hereby author-
3 ized to be continued available through June 30, 1955.

4 (b) Funds made available pursuant to subsection (a)
5 of this section shall be available for the administrative and
6 operating expenses of carrying out the purpose of this
7 chapter including expenses incident to United States partici-
8 pation in international security organizations.

9 (c) Funds made available pursuant to subsection (a)
10 of this section may be used for the procurement of equip-
11 ment or materials outside the United States unless the
12 President determines that such procurement will result
13 in one or more of the following conditions:

14 (1) Adverse effects upon the economy of the
15 United States, with special reference to any areas of
16 labor surplus, or upon the industrial mobilization base,
17 which outweigh the strategic and logistic advantages
18 to the United States of procurement abroad;

19 (2) Production of such equipment or materials
20 outside the United States under inadequate safeguards
21 against sabotage or the release to potential enemies
22 of information detrimental to the security of the
23 United States;

24 (3) Unjustifiable cost in comparison with pro-

1 curement in the United States, taking into account
2 transportation costs for delivery overseas; and

3 (4) Delays in delivery incompatible with United
4 States defense objectives.

5 SEC. 104. INFRASTRUCTURE.—(a) The President is
6 authorized to make contributions to infrastructure programs
7 of the North Atlantic Treaty Organization, in accordance
8 with agreements already made between the member na-
9 tions, out of funds made available pursuant to this section,
10 or section 103, or chapter IX of the Supplemental Appro-
11 priation Act, 1953, of amounts totaling not more than
12 \$780,000,000, less amounts already contributed for such
13 purpose. There is hereby authorized to be appropriated
14 to the President for such purpose, in installments prior to
15 June 30, 1958, not to exceed \$321,000,000, to remain
16 available until expended. Such contributions by the United
17 States shall not exceed its proportionate share, as hereto-
18 fore agreed upon, of the expenses of such programs.

19 (b) When the President determines that it is in the
20 interest of the security of the United States to participate
21 in programs for the acquisition or construction of facili-
22 ties in foreign nations for collective defense other than pro-
23 grams of the North Atlantic Treaty Organization, he may
24 use for such purpose funds made available under section 103

1 or local currencies made available under section 402 in
2 amounts totaling not more than \$50,000,000.

3 (c) Notwithstanding section 501 of this Act, no funds
4 other than those referred to in subsections (a) and (b)
5 of this section may be expended for the purposes of this
6 section. No funds shall be expended under this section for
7 rental or purchase of land or for payment of taxes.

8 SEC. 105. DEVELOPMENT OF WEAPONS OF ADVANCED
9 DESIGN.—There is hereby authorized to be appropriated to
10 the President not to exceed \$27,000,000, to remain available
11 until expended, for the purpose of encouraging and expedit-
12 ing the development of weapons of advanced design by
13 nations or international organizations eligible to receive
14 military assistance under this chapter. Notwithstanding any
15 other provision of this Act, funds made available pursuant to
16 this section may be used only for the purpose of this section.
17 In addition, the unexpended balance of the prior appropria-
18 tion made pursuant to section 542 of the Mutual Security
19 Act of 1951, as amended, is authorized to be continued avail-
20 able for the purpose of this section until expended and to be
21 consolidated with the appropriation authorized by this section.

22 SEC. 106. CONDITIONS APPLICABLE TO MILITARY
23 ASSISTANCE.—(a) Military assistance may be furnished
24 under this chapter to any nation whose increased ability to
25 defend itself the President shall have determined to be im-

1 portant to the security of the United States and which is
2 otherwise eligible to receive such assistance. Equipment and
3 materials furnished under this chapter shall be made available
4 solely to maintain the internal security and legitimate self-
5 defense of the recipient nation, or to permit it to participate
6 in the defense of its area or in collective security arrangements
7 and measures consistent with the Charter of the United
8 Nations. The President shall be satisfied that such equip-
9 ment and materials will not be used to undertake any act of
10 aggression against any nation.

11 (b) In addition to the authority and limitations con-
12 tained in the preceding subsection, the following provisions
13 shall apply to particular areas:

14 (1) In order to promote an integrated defense of the
15 North Atlantic area and to support concrete measures for
16 political federation, military integration, and economic
17 unification in Europe, equipment and materials of the value
18 programed for fiscal years 1954 and 1955 for nations
19 signing the treaty constituting the European Defense Com-
20 munity shall, pending the coming into force of the treaty, be
21 delivered only to such of these nations as have ratified the
22 treaty, and have joined together in or are developing col-
23 lective defense programs in a manner satisfactory to the
24 United States as determined by the President.

25 (2) Military assistance furnished to any nation in the

1 Near East, Africa, and South Asia to permit it to partici-
2 pate in the defense of its area shall be furnished only in
3 accordance with plans and arrangements which shall have
4 been found by the President to require the recipient nation
5 to take an important part therein.

6 (3) In furnishing military assistance in the Far East
7 and the Pacific and in carrying out the provisions of section
8 121 of this Act, the President shall give the fullest assistance
9 to the free peoples in that area, in their creation of a joint or-
10 ganization, consistent with the Charter of the United Na-
11 tions, to establish a program of self-help and mutual coop-
12 eration designed to develop their economic and social well-
13 being, to safeguard basic rights and liberties, and to protect
14 their security and independence.

15 (4) Military assistance may be furnished to the other
16 American Republics only in accordance with defense plans
17 which shall have been found by the President to require
18 the recipient nation to participate in missions important to
19 the defense of the Western Hemisphere.

20 (c) The Secretary of Defense shall insure that the value
21 (as determined pursuant to section 545) of equipment, ma-
22 terials, and services heretofore furnished under military as-
23 sistance programs authorized by Acts repealed by this Act or
24 hereafter furnished pursuant to section 103 (a) to nations
25 or organizations in each of the four areas named in this sub-

1 section shall not exceed the total of the funds heretofore
2 made available for military assistance in that area pursuant
3 to Acts repealed by this Act plus the amount herein speci-
4 fied for that area:

5 (1) In the European area (excluding Greece and Tur-
6 key), \$617,500,000.

7 (2) In the Near East, Africa, and South Asia,
8 \$181,200,000.

9 (3) In the Far East and the Pacific, \$583,600,000.

10 (4) In the Western Hemisphere, \$13,000,000.

11 (d) Whenever the President determines it to be nec-
12 essary for the purpose of this title, equipment, materials,
13 and services of a value not to exceed 10 per centum of the
14 sum of (1) that portion of the unexpended balances re-
15 ferred to in section 103 (a) which was available on June 30,
16 1954, to furnish assistance in any of the areas named in
17 subsection (c) of this section, and (2) the amount specified
18 in the applicable paragraph of subsection (c) of this sec-
19 tion for additional assistance in such area, may be fur-
20 nished in any other such area or areas, notwithstanding
21 the limitations set forth in subsection (c) of this section.
22 Funds heretofore obligated or programed or hereafter made
23 available solely for the purpose of section 104 (pertain-
24 ing to infrastructure) or section 105 (pertaining to the

1 development of weapons of advanced design) shall not be
2 included in the total fixed for each such area. Funds here-
3 tofore appropriated for military assistance in a particu-
4 lar geographic area but transferred from such use under
5 section 513 of the Mutual Security Act of 1951, as amended,
6 or under section 408 (c) of the Mutual Defense Assis-
7 tance Act, shall be included in the total for the area for
8 the benefit of which such transfer was made, and not in
9 the total for the area from which the transfer was made.

10 SEC. 107. SALE OF MILITARY EQUIPMENT, MATE-
11 RIALS, AND SERVICES.—(a) The President may, in order
12 to carry out the purpose of this chapter, sell or enter into
13 contracts (without requirement for charge to any appro-
14 priation or contract authorization) for the procurement for
15 sale of equipment, materials, or services to any nation
16 or international organization: *Provided*, That prior to the
17 transfer of any such equipment, materials, or services to
18 any nation which has not signed an agreement under
19 section 142 of this Act or joined with the United States
20 in a regional collective defense arrangement, the President
21 shall have received commitments satisfactory to him that
22 such equipment, materials, or services are required for and
23 will be used by such nation solely to maintain its inter-
24 nal security, its legitimate self-defense, or to permit it to
25 participate in the defense of the area of which it is a

1 part, or in collective security arrangements and measures
2 consistent with the Charter of the United Nations, and that
3 it will not undertake any act of aggression against any other
4 state.

5 (b) Whenever equipment or materials are sold from
6 the stocks of or services are rendered by any United States
7 Government agency to any nation or international organi-
8 zation as provided in subsection (a), such nation or inter-
9 national organization shall first make available the fair value,
10 as determined by the President, of such equipment, materials,
11 or services before delivery or, when the President determines
12 it to be in the best interests of the United States, within sixty
13 days thereafter or, as determined by the President, within
14 a reasonable period not to exceed three years. The fair value
15 for the purpose of this subsection shall not be less than the
16 value as defined in subsection (h) of section 545: *Provided*,
17 That with respect to excess equipment or materials the fair
18 value may not be determined to be less than (i) the mini-
19 mum value specified in that subsection plus the scrap value,
20 or (ii) the market value, if ascertainable, whichever is the
21 greater. Before a contract for new production is entered
22 into, or rehabilitation work is undertaken, such nation or
23 international organization shall (A) provide the United
24 States with a dependable undertaking to pay the full amount
25 of such contract or the cost of such rehabilitation which will

1 assure the United States against any loss on the contract or
2 rehabilitation work, and (B) shall make funds available in
3 such amounts and at such times as may be necessary to meet
4 the payments required by the contract or the rehabilitation
5 work in advance of the time such payments are due, in
6 addition to the estimated amount of any damages and costs
7 that may accrue from the cancellation of such contract or
8 rehabilitation work.

9 (c) Sections 106, 141, and 142 shall not apply with
10 respect to assistance furnished under this section.

11 SEC. 108. WAIVERS OF LAW.—(a) The President may
12 perform any of the functions authorized under this chapter
13 without regard to (1) the provisions of title 10, United
14 States Code, section 1262 (a), and title 34, United States
15 Code, section 546 (e) ; and (2) such provisions as he may
16 specify of the joint resolution of November 4, 1939 (54
17 Stat. 4), as amended.

18 (b) Notwithstanding the provisions of Revised Statutes
19 1222 (10 U. S. C. 576), personnel of the Department of
20 Defense may be assigned or detailed to any civil office for the
21 purpose of enabling the President to furnish assistance under
22 this Act.

23 SEC. 109. TRANSFER OF MILITARY EQUIPMENT TO
24 JAPAN.—In addition to any program of military assistance
25 for which funds may be appropriated pursuant to this Act,

1 the President is hereby authorized to transfer to the Govern-
2 ment of Japan, until June 30, 1955, upon such terms and
3 conditions as he may specify, and upon its request, United
4 States military equipment and supplies programed for Japan
5 to meet its internal security requirements for which Depart-
6 ment of Defense appropriations were obligated prior to July
7 1, 1953. No appropriation shall be requested to replace the
8 military equipment and supplies so transferred, and no funds
9 heretofore or hereafter appropriated for the purpose of this
10 chapter shall be available for reimbursement to any United
11 States Government agency on account of any transfer made
12 pursuant to this section.

13 CHAPTER 2—SOUTHEAST ASIA AND THE WESTERN
14 PACIFIC, AND DIRECT FORCES SUPPORT

15 SEC. 121. SOUTHEAST ASIA AND THE WESTERN
16 PACIFIC.—There is hereby authorized to be appropriated to
17 the President for the fiscal year 1955, to be made available
18 on such terms and conditions, including transfer of funds,
19 as he may specify, not to exceed \$800,000,000 for expenses
20 necessary for the support of the forces of the Associated
21 States of Cambodia, Laos, and Vietnam and the forces of
22 France located in such Associated States and for other ex-
23 penditures to accomplish in Southeast Asia and the Western
24 Pacific the policies and purposes declared in this Act. In
25 addition, the unexpended balances of funds allocated from

1 appropriations made pursuant to sections 304 and 540 of the
2 Mutual Security Act of 1951, as amended, for the purpose
3 of support of the forces of the Associated States of Cam-
4 bodia, Laos, and Vietnam and the forces of France located
5 in the Associated States, are hereby authorized to be con-
6 tinued available for the purpose of this section through
7 June 30, 1955, and to be consolidated with the appropria-
8 tion authorized by this section.

9 SEC. 122. PRODUCTION FOR FORCES SUPPORT.—There
10 is hereby authorized to be appropriated to the President for
11 the fiscal year 1955, to be made available on such terms and
12 conditions, including transfer of funds, as he may specify,
13 not to exceed \$75,000,000 for manufacture in the United
14 Kingdom of military aircraft required by United Kingdom
15 forces for the defense of the North Atlantic area. In addi-
16 tion, unexpended balances of appropriations made pursuant
17 to section 102 of the Mutual Security Act of 1951, as
18 amended, are hereby authorized to be continued available
19 for their original purposes through June 30, 1955, and the
20 unexpended balance of the appropriation made pursuant to
21 the second clause of that section is authorized to be con-
22 solidated with the appropriation authorized by this section.

23 SEC. 123. COMMON USE ITEMS.—There is hereby
24 authorized to be appropriated to the President for the
25 fiscal year 1955 not to exceed \$70,000,000 for the provi-

1 sion of any common-use equipment, materials, commodi-
2 ties, or services which are to be used by military forces
3 of nations receiving assistance under chapter 1 of this
4 title. Programs authorized by this section shall be admin-
5 istered in accordance with the provisions of chapter 1 or
6 chapter 3 of this title.

7 CHAPTER 3—DEFENSE SUPPORT

8 SEC. 131. GENERAL AUTHORITY.—(a) The President
9 is hereby authorized to furnish, to nations and organiza-
10 tions eligible to receive military assistance under chapter 1
11 of this title, commodities, services, and financial and other
12 assistance designed to sustain and increase military effort.
13 In furnishing such assistance, the President may provide
14 for the procurement and transfer from any source of any
15 commodity or service (including processing, storing, trans-
16 porting, marine insurance, and repairing) or any technical
17 information and assistance.

18 (b) There is hereby authorized to be appropriated to
19 the President for the fiscal year 1955 to carry out the
20 provisions of this section, not to exceed—

21 (1) \$45,000,000 for Europe (excluding Greece
22 and Turkey) ;

23 (2) \$81,850,000 for the Near East (including
24 Greece and Turkey), Africa, and South Asia; and

25 (3) \$96,430,000 for the Far East and the Pacific.

1 In addition, unexpended balances of appropriations hereto-
2 fore made pursuant to section 541 of the Mutual Security
3 Act of 1951, as amended, are hereby authorized to be con-
4 tinued available for the purpose of this subsection through
5 June 30, 1955, and to be consolidated with the appropriation
6 authorized for the same area by this subsection: *Provided*,
7 That portions of such unexpended balances which have been
8 allocated to assistance for Greece and Turkey shall be con-
9 solidated with the appropriation authorized by paragraph
10 (2) of this subsection.

11 SEC. 132. KOREAN PROGRAM.—(a) There is hereby
12 authorized to be appropriated to the President for the fiscal
13 year 1955 not to exceed \$230,000,000 to be expended, upon
14 terms and conditions specified by the President, for defense
15 support, relief and rehabilitation, and other necessary assist-
16 ance (including payment of ocean freight charges on ship-
17 ments for relief and rehabilitation, without regard to section
18 409 of this Act) in those parts of Korea which the President
19 shall have determined to be not under Communist control.
20 In addition, unexpended balances of funds heretofore allo-
21 cated for the purpose of relief and rehabilitation in Korea
22 pursuant to the paragraph entitled “Relief and Rehabilitation
23 in Korea”, chapter VII, Supplemental Appropriation Act,
24 1954, and unobligated balances of the appropriation for
25 “Civilian Relief in Korea,” title III, Department of Defense

1 Appropriation Act, 1954, are hereby authorized to be con-
2 tinued available for the purposes of this subsection through
3 June 30, 1955, and to be consolidated with the appropria-
4 tion authorized by this subsection.

5 (b) (1) Notwithstanding the provisions of any other
6 law, the President is authorized, at any time prior to twenty-
7 four months from the date of enactment of this Act, to
8 transfer to the Republic of Korea, by sale or charter and on
9 such terms and conditions as he may specify, title to not
10 more than eight CI-M-AVI vessels. Any agency of the
11 United States Government owning or operating such vessels
12 is authorized to make such vessels available for the purpose
13 of this subsection. Funds made available pursuant to sub-
14 section (a) of this section shall be available for the purpose
15 of this subsection.

16 (2) Such transfers shall be made at prices determined
17 under section 3 of the Merchant Ship Sales Act of 1946 (50
18 U. S. C., App. 1736) : *Provided*, That such vessels shall
19 be placed in class in accordance with minimum requirements
20 of the American Bureau of Shipping by the owning or oper-
21 ating agency, and the expense of placing in class shall be
22 reimbursed to such agency.

23 (c) There is hereby authorized to be appropriated for

1 the fiscal year 1955 not to exceed \$11,300,000 for making
2 contributions to the United Nations Korean Reconstruction
3 Agency or expenditure through such other agency for relief
4 and rehabilitation in Korea as the President may direct. In
5 addition, the unexpended balance of the appropriation made
6 pursuant to the last sentence of section 303 (a) of the Mutual
7 Security Act of 1951, as amended, is hereby authorized to be
8 continued available for the purpose of this subsection through
9 June 30, 1955, and to be consolidated with the appropria-
10 tion authorized by this subsection. Sections 141 and 142 of
11 this Act shall not apply with respect to assistance furnished
12 under this subsection.

13 (d) To the extent necessary to accomplish the purposes
14 of this section (1) assistance may be furnished under this
15 section without regard to the other provisions of this chapter
16 and (2) the authority provided in section 306 may be exer-
17 cised in furnishing assistance under subsection (a) of this
18 section.

19 SEC. 133. TERMS OF ASSISTANCE.—Assistance under
20 this chapter may be furnished on a grant basis or on such
21 terms, including cash, credit, or other terms of repayment
22 as may be determined to be best suited to the achievement
23 of the purposes of this Act.

1 CHAPTER 4—GENERAL PROVISIONS RELATING TO
2 MUTUAL DEFENSE ASSISTANCE

3 SEC. 141. CONDITIONS OF ELIGIBILITY FOR ASSIST-
4 ANCE.—No assistance shall be furnished under this title to
5 any nation or organization unless the President shall have
6 found that furnishing such assistance will strengthen the
7 security of the United States and promote world peace. No
8 such assistance shall be furnished to a nation unless it
9 shall have agreed to the provisions required by section 142,
10 and such additional provisions as the President deems neces-
11 sary to effectuate the policies and provisions of this title and
12 to safeguard the interests of the United States.

13 SEC. 142. AGREEMENTS.—No assistance shall be fur-
14 nished to any nation under this title unless such nation shall
15 have agreed to—

16 (1) join in promoting international understanding
17 and good will, and maintaining world peace;

18 (2) take such action as may be mutually agreed
19 upon to eliminate causes of international tension;

20 (3) fulfill the military obligations, if any, which
21 it has assumed under multilateral or bilateral agree-
22 ments or treaties to which the United States is a party;

23 (4) make, consistent with its political and eco-

1 nomic stability, the full contribution permitted by its
2 manpower, resources, facilities, and general economic
3 condition to the development and maintenance of its own
4 defensive strength and the defensive strength of the free
5 world;

6 (5) take all reasonable measures which may be
7 needed to develop its defense capacities;

8 (6) take appropriate steps to insure the effective
9 utilization of the assistance furnished under this title in
10 furtherance of the policies and purposes of this title;

11 (7) impose appropriate restrictions against trans-
12 fer of title to or possession of any equipment and mate-
13 rials, information, or services furnished under chapter 1
14 of this title, without the consent of the President;

15 (8) maintain the security of any article, service,
16 or information furnished under chapter 1 of this title;

17 (9) furnish equipment and materials, services, or
18 other assistance consistent with the Charter of the
19 United Nations, to the United States or to and among
20 other nations to further the policies and purpose of
21 chapter 1 of this title;

22 (10) permit continuous observation and review
23 by United States representatives of programs of as-
24 sistance authorized under this title, including the uti-
25 lization of any such assistance, or provide the United

1 States with full and complete information with re-
2 spect to these matters, as the President may require;
3 and

4 (11) in cases where any commodity is furnished
5 on a grant basis under any provision of this Act other
6 than chapter 1 of title I under arrangements which will
7 result in the accrual of proceeds to the recipient nation
8 from the import or sale thereof, establish a Special
9 Account, and—

10 (i) deposit in the Special Account, under such
11 terms and conditions as may be agreed upon, cur-
12 rency of the recipient nation in amounts equal to
13 such proceeds;

14 (ii) allocate to the use of the United States
15 Government not less than 10 per centum of the
16 amounts deposited in the Special Account; and

17 (iii) utilize the remainder of the Special Ac-
18 count for programs agreed to by the United States
19 to carry out the purposes for which new funds
20 authorized by this Act would themselves be avail-
21 able.

22 Any unencumbered balances of funds deposited in the
23 Special Account after the effective date of this Act
24 which remain in the Account upon termination of assist-
25 ance to such nation under this title shall be disposed of

in such manner as may be authorized by Act or joint resolution of the Congress.

TITLE II—DEVELOPMENT ASSISTANCE

SEC. 201. AUTHORIZATION.—(a) There is hereby authorized to be appropriated to the President for the fiscal year 1955, not to exceed—

(1) \$130,000,000 for assistance designed to promote the economic development of the Near East and Africa, and for other types of assistance designed to help maintain economic and political stability in the area;

(2) \$85,000,000 for assistance designed to promote the economic development of South Asia and to assist in maintaining economic and political stability in the area; and

(3) \$9,000,000 for assistance designed to promote economic development in the other American Republics and non-self-governing territories of the Western Hemisphere.

Such assistance may be furnished on such terms and conditions as the President may specify, except that not less than 50 per centum of the assistance furnished under each paragraph of this subsection shall be furnished on terms of repayment in accordance with section 505.

(b) In addition, unexpended balances of appropria-

1 tions heretofore made pursuant to sections 206 and 302
2 (b) of the Mutual Security Act of 1951, as amended, and
3 unexpended balances of funds allocated to the emergency
4 economic aid program for Bolivia are hereby authorized
5 to be continued available for the purposes of this section
6 through June 30, 1955, and to be consolidated with the
7 appropriations authorized by paragraphs (1), (2), and (3)
8 of subsection (a) of this section, respectively.

9 SEC. 202. ADMINISTRATION.—Except as necessary to
10 accomplish the purposes of section 201, programs of assist-
11 ance authorized by that section shall be administered in
12 accordance with sections 301, 302, and 307.

13 TITLE III—TECHNICAL COOPERATION

14 SEC. 301. GENERAL AUTHORITY AND DEFINITION.—It
15 is the purpose of this title to assist the efforts of the peoples
16 of economically underdeveloped areas to achieve economic
17 progress by authorizing measures designed to increase tech-
18 nical knowledge and skills and the flow of investment capital.
19 The President is authorized to furnish assistance in accord-
20 ance with the provisions of this title through bilateral
21 technical cooperation programs. As used in this title, the
22 term “technical cooperation programs” means programs for
23 the international interchange of technical knowledge and
24 skills designed to contribute primarily to the balanced and
25 integrated development of the economic resources and pro-

1 ductive capacities of economically underdeveloped areas.
2 Such activities shall be limited to economic, engineering,
3 medical, educational, agricultural, forestry, fishery, mineral,
4 and fiscal surveys, demonstration, training, and similar proj-
5 ects that serve the purpose of promoting the development of
6 economic resources, productive capacities, and trade of eco-
7 nomically underdeveloped areas, and training in public ad-
8 ministration. The term "technical cooperation programs"
9 does not include such activities authorized by the United
10 States Information and Educational Exchange Act of 1948
11 (62 Stat. 6) as are not primarily related to economic devel-
12 opment, nor activities undertaken now or hereafter pursuant
13 to the International Aviation Facilities Act (62 Stat. 450),
14 nor activities undertaken now or hereafter in the administra-
15 tion of areas occupied by the United States Armed Forces.

16 SEC. 302. PREREQUISITES TO ASSISTANCE.—Assistance
17 shall be made available under section 301 of this Act only
18 where the President determines that the nation being
19 assisted—

- 20 (a) pays a fair share of the cost of the program;
21 (b) provides all necessary information concerning
22 such program and gives the program full publicity;
23 (c) seeks to the maximum extent possible full co-
24 ordination and integration of technical cooperation pro-
25 grams being carried on in that nation;

(d) endeavors to make effective use of the results of the program; and

(e) cooperates with other nations participating in the program in the mutual exchange of technical knowledge and skills.

SEC. 303. AUTHORIZATION.—There is hereby authorized to be appropriated to the President for the fiscal year 1955 \$112,070,000 for technical cooperation programs in the Near East, Africa, South Asia, Far East and Pacific, and Latin America. In addition, unexpended balances of appropriations heretofore made pursuant to section 543 of the Mutual Security Act of 1951, as amended, are authorized to be continued available for the purposes of this section through June 30, 1955, and to be consolidated with the appropriation authorized by this section.

SEC. 304. LIMITATION ON USE OF FUNDS.—Funds made available under section 303 may be expended to furnish assistance in the form of equipment or commodities only where necessary for instruction or demonstration purposes.

SEC. 305. MULTILATERAL TECHNICAL COOPERATION.—As one means of accomplishing the purposes of this title, the United States is authorized to participate in multilateral technical cooperation programs carried on

1 by the United Nations, the Organization of American
2 States, their related organizations, and other international
3 organizations, wherever practicable. There is hereby au-
4 thorized to be appropriated to carry out the purpose of
5 this section, in addition to the amounts authorized by sec-
6 tion 303, not to exceed—

7 (a) \$17,958,000 for making contributions to the
8 United Nations Expanded Program of Technical
9 Assistance;

10 (b) \$1,500,000 for making contributions to the
11 technical cooperation program of the Organization of
12 American States.

13 SEC. 306. ADVANCES AND GRANTS; CONTRACTS.—

14 The President may make advances and grants-in-aid of
15 technical cooperation programs to any person, corpora-
16 tion, or other body of persons or to any foreign gov-
17 ernment agency. The President may make and perform
18 contracts and agreements in respect of technical cooper-
19 ation programs on behalf of the United States Govern-
20 ment with any person, corporation, or other body of
21 persons however designated, whether within or without
22 the United States, or with any foreign government or
23 foreign government agency. A contract or agreement
24 which entails commitments for the expenditure of funds
25 appropriated pursuant to this title may, subject to any

1 future action of the Congress, run for not to exceed three
2 years.

3 SEC. 307. INTERNATIONAL DEVELOPMENT ADVISORY
4 BOARD.—There shall be an advisory board, referred to in this
5 section as the “Board”, which shall advise and consult with
6 the President, or such other officer as he may designate to
7 administer this title, with respect to general or basic policy
8 matters arising in connection with the operation of pro-
9 grams authorized by this title, title II, and section 414 (b).
10 The Board shall consist of not more than thirteen members
11 appointed by the President, one of whom, by and with the
12 advice and consent of the Senate, shall be appointed by him
13 as chairman. The members of the Board shall be broadly
14 representative of voluntary agencies and other groups in-
15 terested in the programs, including business, labor, agricul-
16 ture, public health, and education. All members of the
17 Board shall be citizens of the United States; none except
18 the chairman shall be an officer or an employee of the
19 United States (including any United States Government
20 agency) who as such regularly receives compensation for
21 current services. Members of the Board, other than the
22 chairman if he is an officer of the United States Govern-
23 ment, shall receive out of funds made available for the pur-

1 pose of this title a per diem allowance of \$50 for each day
2 spent away from their homes or regular places of business
3 for the purpose of attendance at meetings of the Board or
4 at conferences held upon the call of the chairman, and in
5 necessary travel, and while so engaged they may be paid
6 actual travel expenses and not to exceed \$10 per diem in
7 lieu of subsistence and other expenses.

8 SEC. 308. JOINT COMMISSION ON RURAL RECON-
9 STRUCTION IN CHINA.—The President is authorized to con-
10 tinue to participate in the Joint Commission on Rural Re-
11 construction in China and to appoint citizens of the United
12 States to the Commission.

13 TITLE IV—OTHER PROGRAMS

14 SEC. 401. SPECIAL FUND.—Of the funds made avail-
15 able under this Act, not to exceed \$150,000,000 may be
16 expended, without regard to the requirements of this Act
17 or any other Act for which funds are authorized by this
18 Act, in furtherance of any of the purposes of such Acts,
19 when the President determines that such use is important
20 to the security of the United States. Not to exceed \$100,-
21 000,000 of the funds available under this section may be
22 expended for any selected persons who are residing in or
23 escapees from the Soviet Union, Poland, Czechoslovakia,
24 Hungary, Rumania, Bulgaria, Albania, Lithuania, Latvia,
25 and Estonia or the Communist-dominated or Communist-

1 occupied areas of Germany and Austria, or any Communist-
2 dominated or Communist-occupied areas of Asia and any
3 other countries absorbed by the Soviet Union, either to
4 form such persons into elements of the military forces sup-
5 porting the North Atlantic Treaty Organization or for other
6 purposes, when the President determines that such assist-
7 ance will contribute to the defense of the North Atlantic
8 area or to the security of the United States. Certification
9 by the President of amounts expended under this section
10 up to a total of \$50,000,000, and that it is inadvisable to
11 specify the nature of such expenditures, shall be deemed a
12 sufficient voucher for such amounts. Not more than \$20,-
13 000,000 of the funds available under this section may be
14 allocated to any one nation.

15 SEC. 402. EARMARKING OF FUNDS.—(a) Of the funds
16 made available pursuant to this Act, not less than \$500,-
17 000,000 shall be used to finance the purchase of surplus
18 agricultural commodities, or products thereof, produced in
19 the United States, pursuant to title I of the Agricultural
20 Trade Development and Assistance Act of 1954.

21 (b) The authority for this section shall not be in addi-
22 tion to the authorization provided for title I of the Agri-
23 cultural Trade Development and Assistance Act of 1954.

24 SEC. 403. SPECIAL ASSISTANCE IN JOINT CONTROL
25 AREAS.—The President is hereby authorized to furnish com-

1 commodities, services, and financial and other assistance to
2 nations and areas for which the United States has respon-
3 sibility as a result of participation in joint control arrange-
4 ments where found by the President to be in the interest of
5 the security of the United States. There is hereby authorized
6 to be appropriated to the President for the fiscal year 1955
7 not to exceed \$25,000,000 to carry out this section.

8 SEC. 404. RESPONSIBILITIES IN GERMANY.—Upon
9 approval by the Secretary of State, a part of the German
10 currency now or hereafter deposited under the bilateral
11 agreement of December 15, 1949, between the United States
12 and the Federal Republic of Germany (or any supplementary
13 or succeeding agreement) shall be deposited in the GARIOA
14 (Government and Relief in Occupied Areas) Special Ac-
15 count under the terms of article V of that agreement, and
16 currency which has been or may be deposited in said ac-
17 count, and any portion of funds made available for assist-
18 ance to the Federal Republic of Germany pursuant to section
19 403 of this Act, may be used for expenses necessary to
20 meet the responsibilities or objectives of the United States in
21 Germany, including responsibilities arising under the supreme
22 authority assumed by the United States on June 5, 1945,
23 and under contractual arrangements with the Federal Re-
24 public of Germany. Expenditures may be made under

1 authority of this section in amounts and under conditions
2 determined by the Secretary of State after consultation with
3 the official primarily responsible for administration of pro-
4 grams under chapter 3 of title I, and without regard to any
5 provision of law which the President determines must be
6 disregarded in order to meet such responsibilities or
7 objectives.

8 SEC. 405. MOVEMENT OF MIGRANTS AND REFU-
9 GEES.—(a) For the purpose of assisting in the movement of
10 migrants, there is hereby authorized to be appropriated
11 not to exceed \$11,700,000 for contributions during the
12 calendar year 1955 to the Intergovernmental Committee
13 for European Migration, and thereafter such amounts as
14 may be necessary from time to time for the payment by
15 the United States of its contributions to the Committee
16 and all necessary salaries and expenses incident to United
17 States participation in the Committee. In addition, the
18 unexpended balance of the appropriation made pursuant
19 to section 534 of the Mutual Security Act of 1951, as
20 amended, is hereby authorized to be continued available
21 for the purpose of this section through June 30, 1955,
22 and to be consolidated with the appropriation authorized
23 in this section.

24 (b) Of the funds made available under this Act, not

1 more than \$800,000 may be used by the President to
2 facilitate the migration to the other American Republics
3 of persons resident in that portion of the Ryukyu Island
4 Archipelago under United States control.

5 (c) There is hereby authorized to be appropriated
6 for the fiscal year 1955 not to exceed \$500,000 for con-
7 tributions to the United Nations Refugee Emergency Fund.

8 SEC. 406. CHILDREN'S WELFARE.—There is hereby
9 authorized to be appropriated not to exceed \$13,500,000
10 for contributions during the fiscal year 1955 to the United
11 Nations Children's Fund.

12 SEC. 407. PALESTINE REFUGEES IN THE NEAR EAST.—
13 There is hereby authorized to be appropriated to the Presi-
14 dent for the fiscal year 1955, not to exceed \$30,000,000,
15 to be used to make contributions to the United Nations
16 Relief and Works Agency for Palestine Refugees in the
17 Near East. In addition, the unexpended balance of the
18 appropriation made for the Palestine refugee program in
19 the Mutual Security Appropriation Act, 1954, is hereby
20 authorized to be continued available for the purpose of
21 this section through June 30, 1955: *Provided*, That when-
22 ever the President shall determine that it would more
23 effectively contribute to the relief, rehabilitation, and re-
24 settlement of Palestine refugees in the Near East, he may

1 expend any part of such unexpended balance through any
2 other agency he may designate.

3 SEC. 408. NORTH ATLANTIC TREATY ORGANIZA-
4 TION.—(a) In order to provide for United States partici-
5 pation in the North Atlantic Treaty Organization, there
6 is hereby authorized to be appropriated for the fiscal year
7 1955 not to exceed \$3,200,000 for payment by the United
8 States of its share of the expenses of the Organization.

9 (b) The United States permanent representative to the
10 North Atlantic Treaty Organization shall be appointed by the
11 President by and with the advice and consent of the Senate
12 and shall hold office at the pleasure of the President. Such
13 representative shall have the rank and status of ambassador
14 extraordinary and plenipotentiary and shall be a chief of
15 mission, class 1, within the meaning of the Foreign Service
16 Act of 1946, as amended (22 U. S. C. 801).

17 (c) Persons detailed to the international staff of the
18 North Atlantic Treaty Organization in accordance with sec-
19 tion 529 of this Act who are appointed as Foreign Service
20 Reserve officers may serve for periods of more than four
21 years notwithstanding the limitation in section 522 of the
22 Foreign Service Act of 1946, as amended (22 U. S. C. 922).

23 SEC. 409. OCEAN FREIGHT CHARGES.—(a) In order
24 to further the efficient use of United States voluntary con-

1 tributions for relief and rehabilitation in nations eligible
2 for assistance under this Act, the President may pay ocean
3 freight charges from United States ports to designated ports
4 of entry of such nations on shipments by United States
5 voluntary nonprofit relief agencies registered with and ap-
6 proved by the Advisory Committee on Voluntary Foreign
7 Aid and shipments by the American Red Cross.

8 (b) Where practicable the President shall make ar-
9 rangements with the receiving nation for free entry of such
10 shipments and for the making available by that nation of local
11 currencies for the purpose of defraying the transportation cost
12 of such shipments from the port of entry of the receiving
13 nation to the designated shipping point of the consignee.

14 (c) There is hereby authorized to be appropriated to the
15 President for the fiscal year 1955 not to exceed \$4,400,-
16 000 to carry out the purposes of this section; and, in addition,
17 unexpended balances of appropriations heretofore made pur-
18 suant to section 535 of the Mutual Security Act of 1951, as
19 amended, are authorized to be continued available for the
20 purposes of this section through June 30, 1955, and to be
21 consolidated with the appropriation authorized in this section.

22 (d) In addition, any funds made available under this
23 Act may be used, in amounts determined by the Presi-
24 dent, to pay ocean freight charges on shipments of surplus

1 agricultural commodities, including commodities made avail-
2 able pursuant to any Act for the disposal abroad of United
3 States agricultural surpluses.

4 SEC. 410. CONTROL ACT EXPENSES.—There is hereby
5 authorized to be appropriated to the President for the
6 fiscal year 1955 not to exceed \$1,300,000 for carrying out
7 the objectives of the Mutual Defense Assistance Control
8 Act of 1951 (22 U. S. C. 1611). In addition, in accordance
9 with section 303 of that Act, funds made available for
10 carrying out chapter 1 of title I of this Act shall be avail-
11 able for carrying out the purpose of this section in such
12 amounts as the President may direct.

13 SEC. 411. ADMINISTRATIVE EXPENSES.—(a) When-
14 ever possible, the expenses of administration of this Act shall
15 be paid for in the currency of the nation where the expense is
16 incurred.

17 (b) There is hereby authorized to be appropriated to
18 the President for the fiscal year 1955 not to exceed \$35,-
19 900,000 for all necessary administrative expenses incident
20 to carrying out the provisions of this Act other than chapter
21 1 of title I, including expenses for compensation, allowances
22 and travel of personnel, including Foreign Service personnel
23 whose services are utilized primarily for the purposes of this
24 Act, and, without regard to the provisions of any other law,

1 for printing and binding, and for expenditures outside the
2 continental limits of the United States for the procurement of
3 supplies and services and for other administrative purposes
4 (other than compensation of personnel) without regard to
5 such laws and regulations governing the obligation and ex-
6 penditure of Government funds as may be necessary to ac-
7 complish the purposes of this Act.

8 SEC. 412. STRATEGIC MATERIALS.—In order to reduce
9 the drain on United States resources and to assure the produc-
10 tion of adequate supplies of essential raw materials for the
11 collective defense of the free world, the President is author-
12 ized to initiate projects for, and assist in procuring and stim-
13 ulating increased production of, materials in which deficien-
14 cies or potential deficiencies in supply exist in the United
15 States or among nations receiving United States assistance.
16 The unexpended balance of funds made available pursuant
17 to section 514 of the Mutual Security Act of 1951, as
18 amended, is hereby authorized to be continued available for
19 the purpose of this section through June 30, 1955.

20 SEC. 413. CHINESE AND KOREAN STUDENTS.—Funds
21 heretofore allocated to the Secretary of State pursuant to
22 the last proviso of section 202 of the China Area Aid Act
23 of 1950 (22 U. S. C. 1547) shall continue to be available
24 until expended, under such regulations as the Secretary of
25 State may prescribe, using private agencies to the maximum

1 extent practicable, for necessary expenses of tuition, subsist-
2 ence, transportation, and emergency medical care for selected
3 citizens of China and of Korea for studying or teaching in
4 accredited colleges, universities, or other educational insti-
5 tutions in the United States approved by the Secretary of
6 State for the purpose, or for research and related academic
7 and technical activities in the United States, and such
8 selected citizens of China who have been admitted for the
9 purpose of study in the United States shall be granted per-
10 mission to accept employment upon application filed with
11 the Commissioner of Immigration and Naturalization pur-
12 suant to regulations promulgated by the Attorney General.

13 SEC. 414. ENCOURAGEMENT OF FREE ENTERPRISE
14 AND PRIVATE PARTICIPATION.—(a) It is declared to be
15 the policy of the United States to encourage the efforts of
16 other free nations to increase the flow of international trade,
17 to foster private initiative and competition, to discourage
18 monopolistic practices, to improve the technical efficiency of
19 their industry, agriculture and commerce, and to strengthen
20 free labor unions; and to encourage the contribution of United
21 States enterprise toward the economic strength of other
22 free nations, through private trade and investment abroad,
23 private participation in the programs carried out under this
24 Act (including the use of private trade channels to the maxi-
25 mum extent practicable in carrying out such programs), and

1 exchange of ideas and technical information on the matters
2 covered by this section.

3 (b) In order to encourage and facilitate participation
4 by private enterprise to the maximum extent practicable in
5 achieving any of the purposes of this Act, the President—

6 (1) shall make arrangements to find and draw the
7 attention of private enterprise to opportunities for in-
8 vestment and development in other free nations;

9 (2) shall accelerate a program of negotiating
10 treaties for commerce and trade, or other temporary
11 arrangements where more suitable or expeditious, which
12 shall include provisions to encourage and facilitate the
13 flow of private investment to nations participating in
14 programs under this Act; and

15 (3) may make, until June 30, 1957, under rules
16 and regulations prescribed by him, guaranties to any
17 person of investments in connection with projects, in-
18 cluding expansion, modernization, or development of
19 existing enterprises, in any nation with which the United
20 States has agreed to institute the guaranty program:
21 *Provided, That—*

22 (A) such projects shall be approved by the
23 President as furthering any of the purposes of this
24 Act, and by the nation concerned;

(B) the guaranty to any person shall be limited to assuring any or all of the following:

(i) the transfer into United States dollars of other currencies, or credits in such currencies, received by such person as earnings or profits from the approved project, as repayment or return of the investment therein, in whole or in part, or as compensation for the sale or disposition of all or any part thereof;

(ii) the compensation in United States dollars for loss of all or any part of the investment in the approved project which shall be found to have been lost to such person by reason of expropriation or confiscation by action of the government of a foreign nation or by reason of war, revolution or insurrection;

(C) when any payment is made to any person pursuant to a guaranty as hereinbefore described, the currency, credits, assets, or investment on account of which such payment is made shall become the property of the United States Government, and the United States Government shall be subrogated to any right, title, claim or cause of action existing in connection therewith;

1 (D) the guaranty to any person shall not ex-
2 ceed the amount of dollars invested in the project
3 by such person with the approval of the President
4 plus actual earnings or profits on said project to
5 the extent provided by such guaranty, and shall be
6 limited to a term not exceeding twenty years from
7 the date of issuance;

8 (E) a fee shall be charged in an amount not
9 exceeding 1 per centum per annum of the amount
10 of each guaranty under clause (i) of subparagraph
11 (B), and not exceeding 4 per centum per annum of
12 the amount of each guaranty under clause (ii) of
13 such subparagraph, and all fees collected hereunder
14 shall be available for expenditure in discharge of
15 liabilities under guaranties made under this section
16 until such time as all such liabilities have been dis-
17 charged or have expired, or until all such fees have
18 been expended in accordance with the provisions of
19 this section;

20 (F) the President is authorized to issue guar-
21 anties up to a total of \$200,000,000: *Provided,*
22 That any funds allocated to a guaranty and remain-
23 ing after all liability of the United States assumed
24 in connection therewith has been released, dis-
25 charged, or otherwise terminated, shall be available

1 for allocation to other guaranties, the foregoing limi-
2 tation notwithstanding. Any payments made to
3 discharge liabilities under guaranties issued under
4 this subsection shall be paid out of fees collected
5 under subparagraph (E) as long as such fees are
6 available, and thereafter shall be paid out of funds
7 realized from the sale of notes which have been
8 issued under authority of paragraph 111 (c) (2)
9 of the Economic Cooperation Act of 1948, as
10 amended, when necessary to discharge liabilities
11 under any such guaranty;

12 (G) the guaranty program authorized by this
13 paragraph shall be used to the maximum prac-
14 ticable extent and shall be administered under
15 broad criteria so as to facilitate and increase the
16 participation of private enterprise in achieving
17 any of the purposes of this Act;

18 (H) as used in this paragraph—

19 (i) the term “person” means a citizen of
20 the United States or any corporation, partner-
21 ship, or other association created under the
22 law of the United States or of any State or
23 Territory and substantially beneficially owned
24 by citizens of the United States, and

(ii) the term "investment" includes any contribution of capital goods, materials, equipment, services, patents, processes, or techniques by any person in the form of (1) a loan or loans to an approved project, (2) the purchase of a share of ownership in any such project, (3) participation in royalties, earnings, or profits of any such project, and (4) the furnishing of capital goods items and related services pursuant to a contract providing for payment in whole or in part after the end of the fiscal year in which the guaranty of such investment is made.

SEC. 415. EMIGRATION TO U. S. S. R.—Funds made available pursuant to this Act may be used to pay the expenses of travel of any resident in the United States to the Union of Soviet Socialist Republics for the purpose of establishing permanent residence there: *Provided*, That such resident shall not be readmitted to the United States.

SEC. 416. MUNITIONS CONTROL.—(a) The President is authorized to control, in furtherance of world peace and the security and foreign policy of the United States, the export and import of arms, ammunition, and implements of war, other than by a United States Government agency. The President is authorized to designate those articles

1 which shall be considered as arms, ammunition, and im-
2 plements of war for the purposes of this section.

3 (b) As prescribed in regulations issued under this sec-
4 tion, every person who engages in the business of manufac-
5 turing, exporting, or importing any arms, ammunition, or
6 implements of war designated by the President under sub-
7 section (a) shall register with the United States Govern-
8 ment agency charged with the administration of this section
9 and, in addition, shall pay a registration fee which shall be
10 prescribed by such regulations.

11 (c) Any person who willfully violates any provision
12 of this section or any rule or regulation issued under this
13 section, or who willfully, in a registration or license appli-
14 cation, makes any untrue statement of a material fact or
15 omits to state a material fact required to be stated therein
16 or necessary to make the statements therein not mislead-
17 ing, shall upon conviction be fined not more than \$25,000
18 or imprisoned not more than two years, or both.

19 SEC. 417. ASSISTANCE TO INTERNATIONAL ORGANI-
20 ZATION.—Whenever it will assist in achieving purposes
21 declared in this Act, the President is authorized to use funds
22 available under sections 131 and 403 in order to furnish
23 assistance, including by transfer of funds, directly to the
24 North Atlantic Treaty Organization, for a strategic stock-
25 pile of foodstuffs and other supplies, or for other purposes.

1 SEC. 418. FACILITATION AND ENCOURAGEMENT OF
2 TRAVEL.—The President, through such officer or commis-
3 sion as he may designate, shall facilitate and encourage,
4 without cost to the United States except for administrative
5 expenses, the promotion and development of travel by
6 citizens of the United States to and within countries receiving
7 assistance under this Act and travel by citizens of such
8 countries to the United States.

9 TITLE V—MISCELLANEOUS PROVISIONS

10 CHAPTER 1. GENERAL PROVISIONS

11 SEC. 501. TRANSFERABILITY OF FUNDS.—Whenever
12 the President determines it to be necessary for the purposes
13 of this Act, not to exceed 10 per centum of the funds made
14 available pursuant to any provision of this Act may be trans-
15 ferred to and consolidated with the funds made available
16 pursuant to any other provision of this Act, and may be
17 used for any of the purposes for which such funds may be
18 used, except that the total in the provision for the bene-
19 fit of which the transfer is made shall not be increased by
20 more than 10 per centum of the amount made available for
21 such provision pursuant to this Act. Funds transferred under
22 this section to furnish military assistance under chapter 1 of
23 title I may be expended without regard to the area limits

1 imposed by section 106 (c). Not less than 50 per centum
2 of any assistance furnished under paragraph (1), (2), or
3 (3) of section 201 (a) with funds transferred under this
4 section shall be furnished on terms of repayment in ac-
5 cordance with section 505.

6 SEC. 502. USE OF FOREIGN CURRENCY.—(a) Notwith-
7 standing section 1415 of the Supplemental Appropriation
8 Act, 1953, or any other provision of law, proceeds of sales
9 made under section 550 of the Mutual Security Act of 1951,
10 as amended, shall remain available and shall be used for any
11 of the purposes of this Act, giving particular regard to the
12 following purposes—

13 (1) for providing military assistance to nations or
14 mutual defense organizations eligible to receive assist-
15 ance under this Act;

16 (2) for purchase of goods or services in friendly
17 nations;

18 (3) for loans, under applicable provisions of this
19 Act, to increase production of goods or services, includ-
20 ing strategic materials, needed in any nation with
21 which an agreement was negotiated, or in other friendly
22 nations, with the authority to use currencies received

1 in repayment for the purposes stated in this section or
2 for deposit to the general account of the Treasury of
3 the United States;

4 (4) for developing new markets on a mutually
5 beneficial basis;

6 (5) for grants-in-aid to increase production for
7 domestic needs in friendly countries;

8 (6) for purchasing materials for United States
9 stockpiles; and

10 (7) for financing international educational exchange
11 activities under the programs authorized by section 32

12 (b) (2) of the Surplus Property Act of 1944, as
13 amended (50 U. S. C. App. 1641 (b)).

14 (b) Notwithstanding section 1415 of the Supplemental
15 Appropriation Act, 1953, or any other provision of law, local
16 currencies owned by the United States shall be made avail-
17 able to appropriate committees of the Congress engaged in
18 carrying out their duties under section 136 of the Legislative
19 Reorganization Act of 1946, as amended, for their local cur-
20 rency expenses: *Provided*, That any such committee of the
21 Congress which uses local currency shall make a full account-
22 ing thereof to the Committee on House Administration of the
23 House of Representatives (if the committee using such cur-
24 rency is a committee of the House of Representatives) or to
25 the Committee on Rules and Administration of the Senate (if

1 the committee using such currency is a committee of the
2 Senate), showing the total amount of such currency so used
3 in each country and the purposes for which it was expended.

4 SEC. 503. TERMINATION OF ASSISTANCE.—(a) If the
5 President determines that the furnishing of assistance to any
6 nation under any provision of this Act—

7 (1) is no longer consistent with the national inter-
8 est or security or the foreign policy of the United
9 States; or

10 (2) would no longer contribute effectively to the
11 purposes for which such assistance is furnished; or

12 (3) is no longer consistent with the obligations and
13 responsibilities of the United States under the Charter
14 of the United Nations,

15 he shall terminate all or part of any assistance furnished
16 pursuant to this Act. If the President determines that any
17 nation which is receiving assistance under chapter 1 of
18 title I of this Act is not making its full contribution to
19 its own defense or to the defense of the area of which
20 it is a part, he shall terminate all or part of such
21 assistance.

22 (b) Assistance to any nation under any provision of
23 this Act may, unless sooner terminated by the President,
24 be terminated by concurrent resolution.

25 (c) Funds made available under this Act shall remain

1 available for twelve months from the date of termination
2 under this section for the necessary expenses of liquidating
3 assistance programs.

4 SEC. 504. SMALL BUSINESS.—(a) Insofar as practica-
5 ble and to the maximum extent consistent with the accom-
6 plishment of the purposes of this Act, the President shall as-
7 sist American small business to participate equitably in the
8 furnishing of commodities and services financed with funds
9 authorized under titles II, III, and IV, and chapters 2 and
10 3 of title I, of this Act—

11 (1) by causing to be made available to suppliers in
12 the United States and particularly to small independent
13 enterprises, information, as far in advance as possible,
14 with respect to purchases proposed to be financed with
15 such funds,

16 (2) by causing to be made available to prospective
17 purchasers in the nations receiving assistance under this
18 Act information as to commodities and services produced
19 by small independent enterprises in the United States,
20 and

21 (3) by providing for additional services to give
22 small business better opportunities to participate in the
23 furnishing of commodities and services financed with
24 such funds.

1 (b) There shall be an Office of Small Business, headed
2 by a Special Assistant for Small Business, in such United
3 States Government agency as the President may direct, to
4 assist in carrying out the provisions of subsection (a) of this
5 section.

6 (c) The Secretary of Defense shall assure that there is
7 made available to suppliers in the United States, and particu-
8 larly to small independent enterprises, information
9 with respect to purchases made by the Department of De-
10 fense pursuant to chapter 1 of title I, such information
11 to be furnished as far in advance as possible.

12 SEC. 505. LOAN ASSISTANCE.—(a) Not less than 10
13 per centum of the amounts obligated from funds appropriated
14 pursuant to titles I and II (excluding funds previously
15 appropriated and continued available pursuant to such titles)
16 shall be obligated for furnishing assistance on terms of repay-
17 ment (including repayment in foreign currencies or by trans-
18 fer to the United States of materials required for stockpiling
19 or other purposes).

20 (b) Funds for the purpose of furnishing assistance on
21 terms of repayment shall be allocated to the Export-Import
22 Bank of Washington, which shall, notwithstanding the pro-
23 visions of the Export-Import Bank Act of 1945 (59 Stat.
24 526), as amended, make and administer the credit on such

1 terms. Credits made by the Export-Import Bank of Wash-
2 ington with funds so allocated to it shall not be considered in
3 determining whether the Bank has outstanding at any one
4 time loans and guaranties to the extent of the limitation im-
5 posed by section 7 of the Export-Import Bank Act of 1945
6 (59 Stat. 529), as amended. Amounts received in repay-
7 ment of principal and interest on any loan made under this
8 section shall be held by the Treasury to be used for such pur-
9 poses, including further loans, as may be authorized from
10 time to time by Congress. Amounts received in repayment
11 of principal and interest on any credits made under paragraph
12 111 (c) (2) of the Economic Cooperation Act of 1948, as
13 amended, shall be deposited into miscellaneous receipts of the
14 Treasury, except that, to the extent required for such pur-
15 pose, amounts received in repayment of principal and interest
16 on any credits made out of funds realized from the sale of
17 notes heretofore authorized to be issued for the purpose of
18 financing assistance on a credit basis under paragraph 111
19 (c) (2) of the Economic Cooperation Act of 1948, as
20 amended, shall be deposited into the Treasury for the pur-
21 pose of the retirement of such notes.

22 SEC. 506. PATENTS AND TECHNICAL INFORMATION.—

23 (a) As used in this section—

24 (1) the term “invention” means an invention or

1 discovery covered by a patent issued by the United
2 States; and

3 (2) the term "information" means information
4 originated by or peculiarly within the knowledge of the
5 owner thereof and those in privity with him, which is
6 not available to the public and is subject to protection as
7 property under recognized legal principles.

8 (b) Whenever, in connection with the furnishing of
9 any assistance in furtherance of the purposes of this Act—

10 (1) use within the United States, without author-
11 ization by the owner, shall be made of an invention; or

12 (2) damage to the owner shall result from the
13 disclosure of information by reason of acts of the United
14 States or its officers or employees,

15 the exclusive remedy of the owner of such invention or
16 information shall be by suit against the United States in
17 the Court of Claims or in the District Court of the United
18 States for the district in which such owner is a resident
19 for reasonable and entire compensation for unauthorized
20 use or disclosure. In any such suit the United States may
21 avail itself of any and all defenses, general or special, that
22 might be pleaded by any defendant in a like action.

23 (c) Before such suit against the United States has been
24 instituted, the head of the appropriate United States Gov-

1 ernment agency, which has furnished any assistance in fur-
2 therance of the purposes of this Act, is authorized and em-
3 powered to enter into an agreement with the claimant, in
4 full settlement and compromise of any claim against the
5 United States hereunder.

6 (d) The provisions of the last sentence of section 1498
7 of title 28 of the United States Code shall apply to inven-
8 tions and information covered by this section.

9 (e) Except as otherwise provided by law, no recovery
10 shall be had for any infringement of a patent committed
11 more than six years prior to the filing of the complaint or
12 counterclaim for infringement in the action, except that the
13 period between the date of receipt by the Government of a
14 written claim under subsection (c) above for compensa-
15 tion for infringement of a patent and the date of mailing
16 by the Government of a notice to the claimant that his
17 claim has been denied shall not be counted as part of the
18 six years, unless suit is brought before the last-mentioned
19 date.

20 SEC. 507. AVAILABILITY OF FUNDS.—Except as other-
21 wise provided in sections 104, 105, 405, and 413, funds
22 shall be available to carry out the provisions of this Act
23 (other than sections 416 and 418) as authorized and appro-
24 priated to the President each fiscal year.

1 SEC. 508. LIMITATION ON FUNDS FOR PROPAGANDA.—

2 None of the funds herein authorized to be appropriated nor
3 any counterpart funds shall be used to pay for personal
4 services or printing, or for other expenses of the dissemina-
5 tion within the United States of general propaganda in sup-
6 port of the mutual security program, or to pay the travel or
7 other expenses outside the United States of any citizen or
8 group of citizens of the United States for the purpose of
9 publicizing such program within the United States.

10 SEC. 509. PURCHASE OF COMMODITIES.—No funds

11 made available under title II or chapter 3 of title I of this
12 Act shall be used for the purchase in bulk of any commodi-
13 ties at prices higher than the market price prevailing in the
14 United States at the time of the purchase adjusted for differ-
15 ences in the cost of transportation to destination, quality,
16 and terms of payment. A bulk purchase within the mean-
17 ing of this section does not include the purchase of raw
18 cotton in bales. Funds made available under title II or
19 chapter 3 of title I of this Act may be used for the pro-
20 curement of commodities outside the United States unless
21 the President determines that such procurement will result
22 in adverse effects upon the economy of the United States,
23 with special reference to any areas of labor surplus, or upon
24 the industrial mobilization base, which outweigh the eco-

1 nomic advantages to the United States of less costly procure-
2 ment abroad. In providing for the procurement of any
3 surplus agricultural commodity for transfer by grant under
4 this Act to any recipient nation in accordance with the
5 requirements of such nation, the President shall, insofar as
6 practicable and where in furtherance of the purposes of this
7 Act, authorize the procurement of such surplus agricultural
8 commodity only within the United States except to the ex-
9 tent that any such surplus agricultural commodity is not
10 available in the United States in sufficient quantities to sup-
11 ply the requirements of the nations receiving assistance
12 under this Act.

13 SEC. 510. RETENTION AND RETURN OF EQUIP-
14 MENT.—(a) No equipment or materials may be transferred
15 under title I out of military stocks if the Secretary of De-
16 fense, after consultation with the Joint Chiefs of Staff, de-
17 termines that such transfer would be detrimental to the
18 national security of the United States, or that such equip-
19 ment or materials are needed by the reserve components of
20 the Armed Forces to meet their training requirements.

21 (b) Any equipment, materials, or commodities pro-
22 cured to carry out this Act shall be retained by, or, upon re-
23 imbursement, transferred to and for the use of, such United
24 States Government agency as the President may determine

1 in lieu of being disposed of to a foreign nation or interna-
2 tional organization whenever in the judgment of the Presi-
3 dent the best interests of the United States will be served
4 thereby, or whenever such retention is called for by concur-
5 rent resolution. Any commodities so retained may be dis-
6 posed of without regard to provisions of law relating to the
7 disposal of Government-owned property, when necessary to
8 prevent spoilage or wastage of such commodities or to con-
9 serve the usefulness thereof. Funds realized from any such
10 disposal or transfer shall revert to the respective appropriation
11 or appropriations out of which funds were expended for the
12 procurement of such equipment, materials, or commodities or
13 to appropriations currently available for such procurement.

14 (c) The President shall make appropriate arrange-
15 ments with each nation receiving equipment or materials
16 under chapter 1 of title I (other than equipment or
17 materials sold under the provisions of section 107) for the
18 return to the United States (1) for salvage or scrap, or (2)
19 for such other disposition as the President shall deem to be
20 in the interest of mutual security, of any such equipment or
21 materials which are no longer required for the purposes for
22 which originally made available.

23 SEC. 511. PENAL PROVISION.—Whoever offers or gives
24 to anyone who is or in the preceding two years has been an

1 employee or officer of the United States any commission,
2 payment, or gift, in connection with the procurement of
3 equipment, materials, commodities, or services under this
4 Act in connection with which procurement said officer,
5 employee, former officer or former employee is or was
6 employed or performed duty or took any action during such
7 employment, and whoever, being or having been an em-
8 ployee or officer of the United States in the preceding two
9 years, solicits, accepts, or offers to accept any commission,
10 payment, or gift in connection with the procurement of
11 equipment, materials, commodities, or services under this
12 Act in connection with which procurement said officer,
13 employee, former officer or former employee is or was
14 employed or performed duty or took any action during such
15 employment, shall upon conviction thereof be subject to a
16 fine of not to exceed \$10,000 or imprisonment for not to
17 exceed three years, or both: *Provided*, That this section
18 shall not apply to persons appointed pursuant to sections
19 307 or 530 (a) of this Act.

20 SEC. 512. NOTICE TO LEGISLATIVE COMMITTEES.—
21 When any transfer is made under section 106 (d) or section
22 501, or any other action is taken under this Act which will
23 result in furnishing assistance of a kind, for a purpose, or to

1 an area, substantially different from that included in the
2 presentation to the Congress during its consideration of this
3 Act, or which will result in expenditures greater by 50 per
4 centum or more than the proposed expenditures included in
5 such presentation for the program or project concerned,
6 the President or such officer as he may designate shall
7 promptly notify the Committee on Foreign Relations of the
8 Senate, the Committee on Foreign Affairs of the House of
9 Representatives and, when military assistance is involved,
10 the Committees on Armed Services of the Senate and
11 House of Representatives, stating the justification for such
12 change. Notice shall also be given to the Committee on
13 Foreign Relations of the Senate and the Committee on
14 Foreign Affairs of the House of Representatives of any
15 determination under the first sentence of section 401 (except
16 with respect to unvouchered funds), and copies of any
17 certification as to loyalty under section 531 shall be filed
18 with such committees.

19 CHAPTER 2. ORGANIZATION AND ADMINISTRATION

20 SEC. 521. DELEGATION OF AUTHORITY BY THE PRESI-
21 DENT.—The President may exercise any power or authority
22 conferred on him by this Act through such agency or officer
23 of the United States as he shall direct, and the head of such

1 agency or such officer may from time to time promulgate
2 such rules and regulations as may be necessary and proper
3 to carry out functions under this Act and may delegate
4 authority to perform any of such functions to his subordi-
5 nates acting under his direction.

6 SEC. 522. ALLOCATION AND REIMBURSEMENT AMONG
7 AGENCIES.—(a) The President may allocate or transfer to
8 any United States Government agency any part of any
9 funds available for carrying out the purposes of this
10 Act, including any advance to the United States by any
11 nation or international organization for the procurement
12 of equipment or materials or services. Such funds shall
13 be available for obligation and expenditure for the pur-
14 poses for which authorized, in accordance with authority
15 granted in this Act or under authority governing the
16 activities of the Government agencies to which such funds
17 are allocated or transferred. Funds allocated to the Depart-
18 ment of Defense shall be governed by the procedures of
19 subsection (c) of this section.

20 (b) Any officer of the United States performing func-
21 tions under this Act may utilize the services and facilities
22 of, or procure commodities from, any United States Gov-
23 ernment agency as the President shall direct, or with the
24 consent of the head of such agency, and funds allocated
25 pursuant to this subsection to any such agency may be

1 established in separate appropriation accounts on the books
2 of the Treasury.

3 (c) Reimbursement shall be made to any United States
4 Government agency, from funds available to carry out
5 chapter 1 of title I of this Act, for any assistance fur-
6 nished under that chapter from, by, or through such
7 agency. Such reimbursement shall be in an amount equal
8 to the value (as defined in section 545) of the equipment
9 and materials, services (other than salaries of members
10 of the Armed Forces of the United States), or other assist-
11 ance furnished, plus expenses arising from or incident to
12 operations under that chapter. The amount of any such
13 reimbursement shall be credited as reimbursable receipts
14 to current applicable appropriations, funds, or accounts of
15 such agency and shall be available for, and under the
16 authority applicable to, the purposes for which such appro-
17 priations, funds, or accounts are authorized to be used,
18 including the procurement of equipment and materials
19 or services, required by such agency, in the same general
20 category as those furnished by it or authorized to be
21 procured by it and expenses arising from and incident
22 to such procurement.

23 (d) In the case of any commodity, service, or facility
24 procured from any United States Government agency under

1 any provision of this Act other than chapter 1 of title I,
2 reimbursement or payment shall be made to such agency
3 from funds available to carry out such provision. Such
4 reimbursement or payment shall be at replacement cost, or,
5 if required by law, at actual cost, or at any other price
6 authorized by law and agreed to by the owning or disposal
7 agency. The amount of any such reimbursement or pay-
8 ment shall be credited to current applicable appropriations,
9 funds, or accounts from which there may be procured
10 replacements of similar commodities, services, or facilities,
11 except that where such appropriations, funds, or accounts
12 are not reimbursable except by reason of this subsection,
13 and when the owning agency determines that such replace-
14 ment is not necessary, any funds received in payment
15 therefor shall be covered into the Treasury as miscellaneous
16 receipts.

17 (e) In furnishing assistance under this Act accounts
18 may be established on the books of any United States
19 Government agency or, on terms and conditions approved
20 by the Secretary of the Treasury, in banking institutions
21 in the United States, against which (i) letters of com-
22 mitment may be issued which shall constitute obligations
23 of the United States, and moneys due or to become due
24 under such letters of commitment shall be assignable under
25 the Assignment of Claims Act of 1940, as amended, and

1 (ii) withdrawals may be made by recipient nations or
 2 agencies, organizations or persons upon presentation of
 3 contracts, invoices, or other appropriate documentation.
 4 Expenditure of funds which have been made available through
 5 accounts so established shall be accounted for on standard
 6 documentation required for expenditure of Government funds:
 7 *Provided*, That such expenditures for commodities or services
 8 procured outside the continental limits of the United States
 9 may be accounted for exclusively on such certification as may
 10 be prescribed in regulations approved by the Comptroller
 11 General of the United States.

12 SEC. 523. COORDINATION WITH FOREIGN POLICY.—

13 (a) Nothing contained in this Act shall be construed to
 14 infringe upon the powers or functions of the Secretary of
 15 State.

16 (b) The President shall prescribe appropriate proce-
 17 dures to assure coordination among representatives of the
 18 United States Government in each country, under the leader-
 19 ship of the Chief of the United States Diplomatic Mission.

20 SEC. 524. THE SECRETARY OF DEFENSE.—(a) In the
 21 case of aid under chapter 1 of title I of this Act, the Secre-
 22 tary of Defense shall have primary responsibility for—

23 (1) the determination of military end-item require-
 24 ments;

25 (2) the procurement of military equipment in a

manner which permits its integration with service programs;

(3) the supervision of end-item use by the recipient countries;

(4) the supervision of the training of foreign military personnel;

(5) the movement and delivery of military end-items; and

(6) within the Department of Defense, the performance of any other functions with respect to the furnishing of military assistance.

(b) The establishment of priorities in the procurement, delivery, and allocation of military equipment shall be determined by the Secretary of Defense. The determination of the value of the program for any country under chapter 1 of title I shall be made by the President.

SEC. 525. FOREIGN OPERATIONS ADMINISTRATION.—

Except as modified pursuant to this section or section 521, the Director of the Foreign Operations Administration (referred to in this chapter as the “Director”) shall continue to perform the functions vested in him on the effective date of this Act, except insofar as such functions relate to continuous supervision and general direction of programs of military assistance. The President may transfer to any agency or

1 officer of the United States, and may modify or abolish, any
2 function, office, or entity of the Foreign Operations Admin-
3 istration or any officer or employee thereof, and may transfer
4 such personnel, property, records, and funds as may be neces-
5 sary incident thereto.

6 SEC. 526. MISSIONS AND STAFFS ABROAD.—The Presi-
7 dent may maintain special missions or staffs abroad in such
8 nations and for such periods of time as may be necessary to
9 carry out this Act. Each such special mission or staff shall
10 be under the direction of a chief. The chief and his deputy
11 shall be appointed by the President and may, notwithstand-
12 ing any other law, be removed by the President at his dis-
13 cretion. The chief shall be entitled to receive (1) in cases
14 approved by the President, the same compensation and
15 allowances as a chief of mission, class 3, or a chief of mission,
16 class 4, within the meaning of the Foreign Service Act of
17 1946 (22 U. S. C. 801), or (2) compensation and allow-
18 ances in accordance with section 527 (c) of this Act, as the
19 President shall determine to be appropriate.

20 SEC. 527. EMPLOYMENT OF PERSONNEL.—(a) Any
21 United States Government agency performing functions
22 under this Act is authorized to employ such personnel as the
23 President deems necessary to carry out the provisions and
24 purposes of this Act.

1 (b) Of the personnel employed in the United States on
2 programs authorized by this Act, not to exceed sixty may be
3 compensated without regard to the provisions of the Classifi-
4 cation Act of 1949, as amended, of whom not to exceed
5 thirty-five may be compensated at rates higher than those
6 provided for grade 15 of the general schedule established
7 by the Classification Act of 1949, as amended, and of these,
8 not to exceed fifteen may be compensated at a rate in excess
9 of the highest rate provided for grades of such general
10 schedule but not in excess of \$15,000 per annum. Such
11 positions shall be in addition to those authorized by law to
12 be filled by Presidential appointment, and in addition to the
13 number authorized by section 505 of the Classification Act
14 of 1949, as amended.

15 (c) For the purpose of performing functions under this
16 Act outside the continental limits of the United States, the
17 Director may—

18 (1) employ or assign persons, or authorize the em-
19 ployment or assignment of officers or employees of other
20 United States Government agencies, who shall receive
21 compensation at any of the rates provided for the For-
22 eign Service Reserve and Staff by the Foreign Service
23 Act of 1946, as amended (22 U. S. C. 801), together
24 with allowances and benefits established thereunder in-
25 cluding, in all cases, post differentials prescribed under

1 section 443 of the Foreign Service Act; and persons so
2 employed or assigned shall be entitled to the same bene-
3 fits as are provided by section 528 of the Foreign Serv-
4 ice Act for persons appointed to the Foreign Service
5 Reserve; and

6 (2) utilize such authority, including authority to
7 appoint and assign personnel for the duration of opera-
8 tions under this Act, contained in the Foreign Service
9 Act of 1946, as amended (22 U. S. C. 801), as the
10 President deems necessary to carry out functions under
11 this Act. Such provisions of the Foreign Service Act as
12 the President deems appropriate shall apply to person-
13 nel appointed or assigned under this paragraph, includ-
14 ing, in all cases, the provisions of sections 443 and 528
15 of that Act.

16 (d) For the purpose of performing functions under this
17 Act outside the continental limits of the United States, the
18 Secretary of State may, at the request of the Director,
19 appoint for the duration of operations under this Act alien
20 clerks and employees in accordance with applicable pro-
21 visions of the Foreign Service Act of 1946, as amended
22 (22 U. S. C. 801).

23 SEC. 528. DETAIL OF PERSONNEL TO FOREIGN GOV-
24 ERNMENTS.—(a) Whenever the President determines it to
25 be consistent with and in furtherance of the purposes of this

1 Act, the head of any United States Government agency is
2 authorized to detail or assign any officer or employee of his
3 agency to any office or position to which no compensation
4 is attached with any foreign government or foreign gov-
5 ernment agency: *Provided*, That such acceptance of office
6 shall in no case involve the taking of an oath of allegiance
7 to another government.

8 (b) Any such officer or employee, while so assigned
9 or detailed, shall be considered, for the purpose of preserving
10 his privileges, rights, seniority, or other benefits as such,
11 an officer or employee of the Government of the United
12 States and of the Government agency from which assigned
13 or detailed, and he shall continue to receive compensation,
14 allowances, and benefits from funds available to that agency
15 or made available to that agency out of funds authorized
16 under this Act.

17 SEC. 529. DETAIL OF PERSONNEL TO INTERNATIONAL
18 ORGANIZATIONS.—(a) Whenever the President determines
19 it to be consistent with and in furtherance of the purposes
20 of this Act, the head of any United States Government
21 agency is authorized to detail, assign, or otherwise make
22 available to any international organization any officer or
23 employee of his agency to serve with or as a member of
24 the international staff of such organization, or to render

1 any technical, scientific or professional advice or service
2 to or in cooperation with such organization.

3 (b) Any such officer or employee, while so assigned or
4 detailed, shall be considered, for the purpose of preserving
5 his allowances, privileges, rights, seniority and other bene-
6 fits as such, an officer or employee of the Government of
7 the United States and of the Government agency from
8 which detailed or assigned, and he shall continue to receive
9 compensation, allowances, and benefits from funds avail-
10 able to that agency or made available to that agency out
11 of funds authorized under this Act. He may also receive,
12 under such regulations as the President may prescribe,
13 representation allowances similar to those allowed under
14 section 901 of the Foreign Service Act of 1946, as amended
15 (22 U. S. C. 801). The authorization of such allowances
16 and other benefits and the payment thereof out of any
17 appropriations available therefor shall be considered as
18 meeting all the requirements of section 1765 of the Revised
19 Statutes.

20 (c) Details or assignments may be made under this
21 section—

22 (1) without reimbursement to the United States
23 by the international organization;

24 (2) upon agreement by the international organiza-

tion to reimburse the United States for compensation, travel expenses, and allowances, or any part thereof, payable to such officer or employee during the period of assignment or detail in accordance with subsection (b) of this section; and such reimbursement shall be credited to the appropriation, fund, or account utilized for paying such compensation, travel expenses, or allowances, or to the appropriation, fund or account currently available for such purposes;

(3) upon an advance of funds, property, or services to the United States accepted with the approval of the President for specified uses in furtherance of the purposes of this Act; and funds so advanced may be established as a separate fund in the Treasury of the United States, to be available for the specified uses, and to be used for reimbursement of appropriations or direct expenditure subject to the provisions of this Act, any unexpended balance of such account to be returned to the international organization; or

(4) subject to the receipt by the United States of a credit to be applied against the payment by the United States of its share of the expenses of the international organization to which the officer or employee is detailed,

such credit to be based upon the compensation, travel expenses and allowances, or any part thereof, payable to such officer or employee during the period of assignment or detail in accordance with subsection (b) of this section.

SEC. 530. EXPERTS AND CONSULTANTS OR ORGANIZATIONS THEREOF.—(a) Experts and consultants or organizations thereof, as authorized by section 15 of the Act of August 2, 1946 (5 U. S. C. 55a), may be employed by any United States Government agency for the performance of functions under this Act, and individuals so employed may be compensated at rates not in excess of \$75 per diem, and while away from their homes or regular places of business, they may be paid actual travel expenses and per diem in lieu of subsistence and other expenses at a rate not to exceed \$10 while so employed within the continental limits of the United States and at the applicable rate prescribed in the Standardized Government Travel Regulations (Foreign Areas) while so employed outside the continental limits of the United States.

(b) Persons of outstanding experience and ability may be employed without compensation by any United States Government agency for the performance of functions under this Act in accordance with the provisions of section 710

1 (b) of the Defense Production Act of 1950, as amended
2 (50 U. S. C. App. 2160), and regulations issued there-
3 under.

4 SEC. 531. SECURITY CLEARANCE.—No citizen or resi-
5 dent of the United States may be employed, or if already
6 employed, may be assigned to duties by the Director under
7 this Act for a period to exceed three months unless—

8 (a) such individual has been investigated as to
9 loyalty and security by the Civil Service Commission, or
10 by the Federal Bureau of Investigation in the case of
11 specific positions which have been certified by the Direc-
12 tor as being of a high degree of importance or sensitivity
13 or in case the Civil Service Commission investigation
14 develops data reflecting that the individual is of ques-
15 tionable loyalty, and a report thereon has been made
16 to the Director, and until the Director has certified in
17 writing (and filed copies thereof with the Senate Com-
18 mittee on Foreign Relations and the House Committee
19 on Foreign Affairs) that, after full consideration of such
20 report, he believes such individual is loyal to the United
21 States, its Constitution, and form of government, and
22 is not now and has never knowingly been a member of
23 any organization advocating contrary views; or

24 (b) such individual has been investigated by a mili-

1 tary intelligence agency and the Secretary of Defense
2 has certified in writing that he believes such individual
3 is loyal to the United States and filed copies thereof with
4 the Senate Committee on Foreign Relations and the
5 House Committee on Foreign Affairs.

6 This section shall not apply in the case of any officer
7 appointed by the President by and with the advice and con-
8 sent of the Senate, nor shall it apply in the case of any
9 person already employed under programs covered by this
10 Act who has been previously investigated in connection
11 with such employment.

12 SEC. 532. EXEMPTION OF PERSONNEL FROM CERTAIN
13 FEDERAL LAWS.—(a) Service of an individual as a member
14 of the Board established pursuant to section 307 of this
15 Act or as an expert or consultant under section 530 (a)
16 shall not be considered as service or employment bring-
17 ing such individual within the provisions of title 18, U. S. C.,
18 sections 281, 283 or 284, or of section 190 of the Revised
19 Statutes (5 U. S. C. 99), or of any other Federal law
20 imposing restrictions, requirements, or penalties in relation
21 to the employment of persons, the performance of services,
22 or the payment or receipt of compensation in connection
23 with any claim, proceeding, or matter involving the United
24 States, except insofar as such provisions of law may pro-

hibit any such individual from receiving compensation in respect of any particular matter in which such individual was directly involved in the performance of such service; nor shall such service be considered as employment or holding of office or position bringing such individual within the provisions of section 6 of the Act of May 22, 1920, as amended (5 U. S. C. 715), section 212 of the Act of June 30, 1932, as amended (5 U. S. C. 59a), or any other Federal law limiting the reemployment of retired officers or employees or governing the simultaneous receipt of compensation and retired pay or annuities.

(b) Notwithstanding section 2 of the Act of July 31, 1894 (5 U. S. C. 62), which prohibits certain retired officers from holding certain office, any retired officer of any of the services mentioned in the Career Compensation Act of 1949 may hold any office or appointment under this Act or the Mutual Defense Assistance Control Act of 1951, but the compensation of any such retired officer shall be subject to the provisions of the Act of June 30, 1932 (5 U. S. C. 59a), which does not permit retired pay to be added to the compensation received as a civilian officer.

SEC. 533. WAIVERS OF CERTAIN FEDERAL LAWS.—Whenever the President determines it to be in furtherance of purposes declared in this Act, the functions authorized under this Act may be performed without regard to such provisions

1 of law regulating the making, performance, amendment, or
2 modification of contracts and the expenditure of Govern-
3 ment funds as the President may specify.

4 SEC. 534. REPORTS.—The President, from time to time
5 while funds appropriated for the purpose of this Act con-
6 tinue to be available for obligation, shall transmit to the
7 Congress reports covering each six months of operations, in
8 furtherance of the purposes of this Act, except information
9 the disclosure of which he deems incompatible with the
10 security of the United States. Reports provided for under
11 this section shall be transmitted to the Secretary of the
12 Senate or the Clerk of the House of Representatives, as the
13 case may be, if the Senate or the House of Representatives,
14 as the case may be, is not in session. Such reports shall
15 include detailed information on the implementation of sections
16 504 and 414 (b) of this Act.

17 SEC. 535. COOPERATION WITH INTERNATIONAL OR-
18 GANIZATIONS.—(a) The President is authorized to request
19 the cooperation of or the use of the services and facilities of
20 the United Nations, its organs and specialized agencies, or
21 other international organizations, in carrying out the pur-
22 poses of this Act, and may make payments by advancements
23 or reimbursements, for such purposes, out of funds made
24 available for the purposes of this Act, as may be necessary
25 therefor, to the extent that special compensation is usually

1 required for such services and facilities: *Provided*, That
2 nothing in this section shall be construed to authorize the
3 delegation to any international or foreign organization or
4 agency of authority to decide the method of furnishing assist-
5 ance under this Act to any country or the amount thereof.

6 (b) Whenever the President determines it to be in
7 furtherance of the purposes of this Act, United States
8 Government agencies, on request of international organiza-
9 tions, are authorized to furnish supplies, materials, and serv-
10 ices, on an advance of funds or reimbursement basis, to such
11 organizations. Such advances or reimbursements may be
12 credited to the current applicable appropriation or fund of
13 the agency concerned and shall be available for the purposes
14 for which such appropriations and funds are authorized to be
15 used.

16 CHAPTER 3. REPEAL AND MISCELLANEOUS

17 PROVISIONS

18 SEC. 541. EFFECTIVE DATE.—This Act shall take effect
19 on July 1, 1954.

20 SEC. 542. STATUTES REPEALED.—(a) There are hereby
21 repealed—

22 (1) an Act to provide for assistance to Greece and
23 Turkey, approved May 22, 1947, as amended;

24 (2) the joint resolution to provide for relief assist-

1 ance to the people of countries devastated by war, ap-
2 proved May 31, 1947, as amended;

3 (3) the Foreign Aid Act of 1947;

4 (4) the Foreign Assistance Act of 1948, as
5 amended; including the Economic Cooperation Act of
6 1948, as amended, the International Children's Emer-
7 gency Fund Assistance Act of 1948, as amended, the
8 Greek-Turkish Assistance Act of 1948, and the China
9 Aid Act of 1948, as amended;

10 (5) the Mutual Defense Assistance Act of 1949,
11 as amended;

12 (6) the Foreign Economic Assistance Act of 1950,
13 as amended; including the Economic Cooperation Act
14 of 1950, the China Area Aid Act of 1950, as amended,
15 the United Nations Palestine Refugee Aid Act of 1950,
16 and the Act for International Development, as amended;

17 (7) the Far Eastern Economic Assistance Act of
18 1950, as amended;

19 (8) the Yugoslav Emergency Relief Assistance
20 Act of 1950;

21 (9) the Mutual Security Act of 1951, as amended;

22 (10) the Mutual Security Act of 1952;

23 (11) the Mutual Security Act of 1953;

1 (12) section 12 of the joint resolution of Congress
2 approved November 4, 1939 (54 Stat. 10; 22 U. S. C.
3 452) ;

4 (13) section 4 of the Act of March 3, 1925 (50
5 Stat. 887; 50 U. S. C. 165) ; and

6 (14) section 968 of title 18, United States Code.

7 (b) References in other Acts to the Acts listed in sub-
8 section (a) shall hereafter be considered to be references to
9 the appropriate provisions of this Act.

10 (c) The repeal of the Acts listed in subsection (a)
11 shall not be deemed to affect amendments contained in such
12 Acts to Acts not named in subsection (a) .

13 SEC. 543. SAVING PROVISIONS.—

14 (a) Except as may be expressly provided to the con-
15 trary in this Act, all determinations, authorizations, regula-
16 tions, orders, contracts, agreements, and other actions is-
17 sued, undertaken or entered into under authority of any
18 provision of law repealed by section 542 shall continue in
19 full force and effect until modified by appropriate authority.

20 (b) Where provisions of this Act establish conditions
21 which must be complied with before use may be made of au-
22 thority contained in or funds authorized by this Act, com-
23 pliance with substantially similar conditions under Acts
24 named in section 542 shall be deemed to constitute compli-
25 ance with the conditions established by this Act.

1 (c) No person in the service or employment of the
2 United States or otherwise performing functions under an
3 Act repealed by section 542 or under section 408 shall be re-
4 quired to be reappointed or reemployed by reason of the
5 entry into force of this Act, except that appointments made
6 pursuant to section 110 (a) (2) of the Economic Coopera-
7 tion Act of 1948, as amended, shall be converted to appoint-
8 ments under section 527 (c) of this Act.

9 SEC. 544. AMENDMENTS TO OTHER LAWS.—(a) Title
10 X of the United States Information and Educational Ex-
11 change Act of 1948, as amended (22 U. S. C. 1431), is
12 amended by adding the following new section:

13 INFORMATIONAL MEDIA GUARANTIES

14 “SEC. 1011. The Director of the United States Infor-
15 mation Agency may make guaranties, in accordance with
16 the provisions of subsection (b) of section 414 of the Mutual
17 Security Act of 1954, of investments in enterprises producing
18 or distributing informational media consistent with the na-
19 tional interests of the United States against funds heretofore
20 made available by notes issued to the Secretary of the Treas-
21 ury pursuant to section 111 (c) (2) of the Economic Co-
22 operation Act of 1948, as amended, for purposes of
23 guaranties of investments: *Provided, however,* That the
24 amount of such guaranties in any fiscal year shall be deter-
25 mined by the President but shall not exceed \$10,000,000.”

1 (b) Section 1 of Public Law 283, Eighty-first Congress,
2 is repealed. The Institute of Inter-American Affairs, cre-
3 ated pursuant to Public Law 369, Eightieth Congress (22
4 U. S. C. 281), shall have succession until June 30, 1960,
5 and may make contracts for periods not to exceed five
6 years: *Provided*, That any contract extending beyond June
7 30, 1960, shall be made subject to termination by the said
8 Institute upon notice: *And provided further*, That the said
9 Institute shall, on and after July 1, 1954, be subject to the
10 applicable provisions of the Budget and Accounting Act,
11 1921, as amended (31 U. S. C. 1), in lieu of the provisions
12 of the Government Corporation Control Act, as amended
13 (31 U. S. C. 841).

14 SEC. 545. DEFINITIONS.—For the purposes of this Act—

15 (a) The term “commodity” includes any commodity,
16 material, article, supply, or goods.

17 (b) The term “surplus agricultural commodity” means
18 any agricultural commodity or product thereof, class, kind,
19 type, or other specification thereof, produced in the United
20 States either publicly or privately owned, which is in excess
21 of domestic requirements, adequate carryover, and antici-
22 pated exports for dollars, as determined by the Secretary of
23 Agriculture.

1 (c) The terms “equipment” and “materials” shall mean
2 any arms, ammunition, or implements of war, or any other
3 type of material, article, raw material, facility, tool, ma-
4 chine, supply or item that would further the purpose of
5 chapter 1 of title I, or any component or part thereof, used
6 or required for use in connection therewith, or required
7 in or for the manufacture, production, processing, storage,
8 transportation, repair, or rehabilitation of any equipment
9 or materials, but shall not include merchant vessels.

10 (d) The term “mobilization reserve”, as used with re-
11 spect to any equipment or materials, means the quantity of
12 such equipment or materials determined by the Secretary of
13 Defense under regulations prescribed by the President to be
14 required to support mobilization of the Armed Forces of the
15 United States in the event of war or national emergency
16 until such time as adequate additional quantities of such
17 equipment or materials can be procured.

18 (e) The term “excess”, as used with respect to any
19 equipment or materials, means the quantity of such equip-
20 ment or materials owned by the United States which is
21 in excess of the mobilization reserve of such equipment or
22 materials.

23 (f) The term “services” shall include any service,

1 repair, training of personnel, or technical or other assist-
2 ance or information necessary to effectuate the purposes
3 of this Act.

4 (g) The term "Armed Forces of the United States"
5 shall include any component of the Army of the United
6 States, of the United States Navy, of the United States
7 Marine Corps, of the Air Force of the United States, of the
8 United States Coast Guard, and the Reserve components
9 thereof.

10 (h) The term "value" means—

11 (1) with respect to any excess equipment or mate-
12 rials furnished under chapter 1 of title I, the gross cost
13 of repairing, rehabilitating, or modifying such equip-
14 ment or materials prior to being so furnished;

15 (2) with respect to any nonexcess equipment or
16 materials furnished under chapter 1 of title I which are
17 taken from the mobilization reserve (other than equip-
18 ment or materials referred to in paragraph (3) of this
19 subsection), the actual or the projected (computed as
20 accurately as practicable) cost of procuring for the mo-
21 bilization reserve an equal quantity of such equipment
22 or materials or an equivalent quantity of equipment or
23 materials of the same general type but deemed to be
24 more desirable for inclusion in the mobilization reserve
25 than the equipment or materials furnished;

(3) with respect to any nonexcess equipment or materials furnished under chapter 1 of title I which are taken from the mobilization reserve but with respect to which the Secretary of Defense has certified that it is not necessary fully to replace such equipment or materials in the mobilization reserve, the gross cost to the United States of such equipment and materials or its replacement cost, whichever the Secretary of Defense may specify; and

(4) with respect to any equipment or materials furnished under chapter 1 of title I which are procured for the purpose of being so furnished, the gross cost to the United States of such equipment and materials.

In determining the gross cost incurred by any agency in repairing, rehabilitating, or modifying any excess equipment furnished under chapter 1 of title I, all parts, accessories, or other materials used in the course of repair, rehabilitation, or modification shall be priced in accordance with the current standard pricing policies of such agency. For the purpose of this subsection, the gross cost of any equipment or materials taken from the mobilization reserve means either the actual gross cost to the United States of that particular equipment or materials or the estimated gross cost to the United States of that particular equipment or materials obtained by multiplying the number of

1 units of such particular equipment or materials by the
2 average gross cost of each unit of that equipment and
3 materials owned by the furnishing agency.

4 (i) The term "United States Government agency"
5 means any department, agency, board, wholly or partly
6 owned corporation, or instrumentality, commission, or
7 establishment of the United States Government.

8 SEC. 546. CONSTRUCTION.—(a) If any provision of
9 this Act or the application of any provision to any circum-
10 stances or persons shall be held invalid, the validity of the
11 remainder of the Act and applicability of such provision
12 to other circumstances or persons shall not be affected
13 thereby.

14 (b) Nothing in this Act shall alter, amend, revoke,
15 repeal, or otherwise affect the provisions of the Atomic
16 Energy Act of 1946, as amended (42 U. S. C. 1801).

17 (c) Nothing in this Act is intended nor shall it be
18 construed as an expressed or implied commitment to pro-
19 vide any specific assistance, whether of funds, commodi-
20 ties, or services, to any nation or nations, or to any inter-
21 national organization.

A BILL

To promote the security and foreign policy of the United States by furnishing assistance to friendly nations, and for other purposes.

By Mr. CHIPPERFIELD

JUNE 24, 1954

Referred to the Committee on Foreign Affairs

House of Representatives

Chamber Action

Bills Introduced: 13 public bills, H. R. 9678-9690; 4 private bills, H. R. 9691-9694; and 4 resolutions, H. Con. Res. 241-242, and H. Res. 598 and 599, were introduced.

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Bills Reported: Reports were filed as follows:

S. 3476, a private bill (H. Rept. 1918);

H. R. 2224, choosing Chief of Medical Service Corps (Navy) from officers of rank of lieutenant commander or above (H. Rept. 1919);

H. J. Res. 256, to permit articles imported from foreign countries for the purpose of exhibition at the First International Instrument Congress and Exposition, Philadelphia, Pa., to be admitted without payment of tariff (H. Rept. 1920);

H. J. Res. 537, to permit articles imported from foreign countries for the purpose of exhibition at the Washington State Fourth International Trade Fair, Seattle, Wash., to be admitted without payment of tariff (H. Rept. 1921);

H. J. Res. 545, to permit articles imported from foreign countries for the purpose of exhibition at the International Trade-Sample Fair, Dallas, Tex., to be admitted without payment of tariff (H. Rept. 1922); and

Conference report on H. R. 6342, to authorize the Administrator of General Services to acquire title to real property and to provide for the construction of certain public buildings thereon by executing purchase contracts and to extend the authority of the Postmaster General to lease quarters for post-office purposes (H. Rept. 1923).

Page 8447

Defense Appropriations: Adopted the conference report on H. R. 8873, Department of Defense appropriation bill for 1955, and sent the legislation to the Senate. On the 10 amendments in disagreement the House voted to recede and concur in Senate amendments Nos. 6 and 9; and to recede and concur with amendments to Senate amendments Nos. 2, 5, 13, 18, 19, 22, 28, and 35.

Pages 8430-8431

Private Bill: Passed without amendment S. 3476, a private bill, thus clearing it for the White House.

Page 8432

Indians: Cleared for the President H. R. 2231, settlement contracts with Sioux Indians, South Dakota, by concurring in Senate amendments thereto.

Page 8432

Private Bill: H. R. 3038, a private bill, was cleared for Presidential action when the House agreed to a Senate amendment thereto.

Page 8432

Housing: Adopted S. J. Res. 167, to extend certain existing housing legislation until July 1, 1954, pending

enactment of H. R. 7839, the Housing Act of 1954, and thus cleared the legislation for the President. Page 8435

Federal Reserve Banks: Passed without amendment H. R. 9143, to repeal the provisions of section 16 of the Federal Reserve Act which prohibits a Federal Reserve bank from paying out notes of another Federal Reserve bank.

Pages 8436-8442

Late Reports: Granted permission for the filing of reports to the following committees:

Committee on Foreign Affairs on H. R. 9678, Mutual Security Act of 1954, by midnight Friday.

Committee on Rules to file sundry reports by midnight Friday.

Committee on Appropriations to file sundry conference reports by midnight Saturday.

Committee on Agriculture on H. R. 9680, to provide for continued price support for agricultural products; to augment the marketing and disposal of such products; to provide for greater stability in the products of agriculture, by midnight Saturday.

Pages 8432-8435

Bills Referred: Two Senate-passed bills were referred to appropriate committees.

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Program for Monday: Adjourned at 2:14 p. m. until Monday, June 28, at 12 o'clock noon, when the House will consider H. R. 9678, Mutual Security Act of 1954 (general debate only).

Committee Meetings

GENERAL FARM PROGRAM

Committee on Agriculture: Held further executive consideration of H. R. 9680, Agricultural Act of 1954. Resumed discussion of the subject, Diverted Acres, and met again with the following officials of the Department of Agriculture—True D. Morse, Under Secretary of Agriculture; R. F. Farrington, Director of Agriculture Credit Services; and Horace B. Ritchie, Office of Solicitor. The committee recessed until tomorrow morning when it expects to complete all action on the 1954 farm program and report the bill to the House.

NAVY MEDICAL CORPS

Committee on Armed Services: Ordered the following bills reported to the House—

H. R. 2224, choosing Chief of Medical Service Corps (Navy) from officers of rank of lieutenant commander or above; and

S. 3476, a private bill.

MILITARY HOUSING

Committee on Armed Services: Resumed public hearings on H. R. 9647, to authorize construction of housing

units for military personnel and their families. Testimony was received on the proposal today from Franklin G. Floete, Assistant Secretary of Defense (Properties and Installations); Adm. Joseph F. Jelley, Director of Construction, Office of Assistant Secretary of Defense (Properties and Installations); Henry H. Pike, Department of Defense; and Lyle S. Garlock, Deputy Controller, Department of Defense. Recessed on subject until Monday morning.

DEFENSE

Committee on Armed Services: The Hess Subcommittee on Defense approved three reports relative to certain of its pending investigations.

HOUSING ACT—SMALL BUSINESS

Committee on Banking and Currency: Approved the following measures in executive session today—

S. J. Res. 167, to extend to July 31 certain provisions of the Housing Act which would expire on June 30;

H. R. 8735, authorizing the President to present a gold medal to Irving Berlin (the bill was amended to contain the provisions of a similar proposal passed by the Senate); and

H. R. 9144, to amend section 24 of the Federal Reserve Act with regard to participation loans with the Small Business Administration.

MUTUAL SECURITY

Committee on Foreign Affairs: Ordered reported to the House H. R. 9678, the Mutual Security Act of 1954.

MILITARY OPERATIONS

Committee on Government Operations: The Richlman subcommittee heard further executive testimony in connection with its study of the Defense Department's programs of research and development. Adjourned subject to call of the Chair.

INDIANS—HAWAII—IRRIGATION— MINERAL LEASING

Committee on Interior and Insular Affairs: Ordered the following bills reported to the House, each with amendments—

H. R. 4118, to authorize the preparation of rolls of persons of Indian blood whose ancestors were members of certain tribes or bands in the State of Oregon, relative to fund distribution;

H. R. 7517 and 7518, to enable the Legislature of the Territory of Hawaii to authorize the city and county of Honolulu, a municipal corporation, to issue public improvement bonds;

H. R. 8498, to authorize construction of a dam across the Colorado River, to reestablish for the Palo Verde Irrigation District, California, a means of diversion of its irrigation water supply from the Colorado River;

H. R. 8896, to amend the mineral leasing laws to provide for multiple mineral development of the same tracts of the public lands; and

S. J. Res. 165, without amendment, providing for construction of Glendo unit, Wyoming, Missouri River Basin project.

JOSEPH R. FARRINGTON

Committee on Interior and Insular Affairs: Adopted a resolution paying tribute to the committee service rendered by Delegate Farrington, of Hawaii, and expressing sympathy and condolence on the occasion of his death in Washington, D. C., last Saturday, June 19.

ARIZONA PROPERTY SALE

Committee on Interior and Insular Affairs: Met with officials of the Department of the Interior to discuss H. R. 8714, 8755, and 9521, bills which would authorize Federal sale and conveyance of certain transmission facilities and related property in the State of Arizona. Took no action on the subject.

AIRLINES

Committee on Interstate and Foreign Commerce: Completed hearings on H. R. 8898, to grant local service airlines permanent rights to continue providing air service to the small and intermediate communities in the country. Testimony in support of the proposal was received from John H. Connelly, president, Southwest Airways Co., San Francisco, Calif.; Laddie H. Hamilton, president, Ozark Air Lines, St. Louis, Mo.; Frank W. Hulse, president, Southern Airways, Birmingham, Ala.; C. A. Myhre, president, Frontier Airlines, Denver, Colo.; Robert E. Peach, president, Mohawk Airlines, Ithaca, N. Y.; and Harding L. Lawrence, vice president, Pioneer Air Lines, Dallas, Tex.

CIVIL PENALTIES—AERONAUTICS

Committee on Interstate and Foreign Commerce: Held hearings on three bills which would amend the Civil Aeronautics Act so as to authorize civil penalties (H. R. 6817, 6818, and 7394). Testimony in support of H. R. 7394 was received from Chan Gurney, Chairman, Civil Aeronautics Board, and Robert L. Griffith, Chief, Office of Compliance, CAB; while testimony in opposition to the same measure was received from J. D. Durand, Air Transport Association, Washington, D. C., who also stated that he had no objection to H. R. 6817 and 6818. Testimony on H. R. 6817 and 6818 was received from Robert P. Boyle, General Counsel, Civil Aeronautics Administration, Department of Commerce; while the views of the Department of Defense on H. R. 6818 were presented by H. H. Spang, Office of Director of Plans, Deputy Chief of Staff, Operations, United States Air Force.

CONCEALMENT FROM ARREST—CITIZENSHIP

Committee on the Judiciary: Ordered the following bills reported to the House—

H. R. 7486, to amend section 1071, title 18, U. S. Code, relating to the concealing of persons from arrest, so as to increase the penalties therein provided;

S. 1303, regarding naturalization of former U. S. citizens who lost citizenship by voting in political election held in occupied Japan; and

S. 2369, a private immigration bill.

WATERBORNE CARGOES

Committee on Merchant Marine and Fisheries: Continued hearings on S. 3233, to provide permanent legislation for the transportation of a substantial portion of waterborne cargoes in U. S.-flag vessels. Harvey J. Klemmer, Acting Director, Office of Transport and Communications Policy, State Department, pointed out the serious retaliations which might occur because of the enactment of the bill, and filed for the record copies of protests from nine nations in connection with the subject matter of the bill.

W. Merrill Whitman, secretary, Panama Canal Company, advised the committee that he feels that the bill would have an un contemplated effect on the operation of the Company's ships and requested the bill be amended to exempt the Panama Canal Company's operation of these three ships. Donald G. Ward, director of transportation, Mathieson Chemical Corp., on behalf of the U. S. Chamber of Commerce, endorsed the principle contained in the bill and urged enactment. Recessed the hearing until tomorrow morning.

FEDERAL EMPLOYEES

Committee on Post Office and Civil Service: Resumed public hearings on H. R. 8093, the Federal Employees Pay Act and amendments to the Classification Act. Representative Whitten (Mississippi) testified in connection with the Whitten rider, which limits permanent promotions and appointments in Federal Civil Service. Repeal of this rider is proposed in the legislation. Also heard were the following members of the Civil Service Commission—Philip Young, Chairman, Frederick J. Lawton, Commissioner; Ismar Baruch, technical adviser to the Commission; Miss Evelyn Harrison, Assistant Director, Bureau of Programs and Standards; and Seymour Berlin, Chief, Program Planning Division, Bureau of Programs and Standards. Recessed until tomorrow morning.

MUTUAL SECURITY

Committee on Rules: Granted an open rule providing for 5 hours of general debate on, and waiving points of order against, H. R. 9678, the Mutual Security Act of 1954. Heard in connection with the legislation were Representatives Chipenfield, Vorys, Frances P. Bolton, and Smith of Wisconsin (one of the signers of the minority report filed on the measure).

VETERANS' DENTAL CARE

Committee on Veterans' Affairs: Held a hearing which was a continuation of a previous hearing upon H. R. 7653, pertaining to outpatient dental care for veterans.

The following witnesses were heard: Adin M. Downer, assistant director for legislation, Veterans of Foreign Wars; Dr. J. E. Fauber, Assistant Chief Medical Director, Veterans' Administration; John R. Holden, national legislative director, AMVETS; Guy H. Birdsall, Assistant Administrator for Legislation, Veterans' Administration.

STATE FAIRS—UNEMPLOYMENT COMPENSATION

Committee on Ways and Means: Approved for reporting to the House the following joint resolutions which would permit articles imported from foreign countries to be admitted without payment of tariff for purposes of exhibition—H. J. Res. 256, First International Instrument Congress and Exposition, Philadelphia, Pa.; H. J. Res. 537, Washington State Fourth International Trade Fair, Seattle, Wash.; and H. J. Res. 545, International Trade-Sample Fair, Dallas, Tex.

Also considered H. R. 8857, regarding unemployment compensation, and will resume on same subject tomorrow afternoon.

CUSTOMS SIMPLIFICATION

Committee on Ways and Means: Resumed hearings on H. R. 9476, to provide for the establishment of simplified customs tariff schedules, to improve procedures for the tariff classification of unenumerated articles, and to repeal or amend obsolete provisions of the customs laws. Today's witnesses were Harry S. Radcliffe, executive vice president, National Council of American Importers, Inc., New York City; Charles P. Taft, president, Committee for a National Trade Policy, accompanied by Morris S. Rosenthal, member of the board of directors; Paul Reiber, counsel, Air Transport Association of America; Dr. Claudius T. Murchison, economist, American Cotton Manufacturers Institute, Inc.; and Matthew O'Brien, secretary, Rayon and Acetate Fiber Producers Group, New York City. Recessed until tomorrow morning when industrial representatives are again scheduled to testify.

Joint Committee Meetings

ATOMIC ENERGY ACT AMENDMENTS

Joint Committee on Atomic Energy: Committee continued in executive session to mark up for reporting H. R. 8862 and S. 3323, to amend the Atomic Energy Act of 1946, but did not complete its work and will meet again tomorrow.

INTERIOR DEPARTMENT APPROPRIATIONS

Conferees met again in executive session to resolve the differences between the Senate- and House-passed versions of H. R. 8680, Interior Department appropriations for 1955, but did not reach final agreement and will meet again tomorrow.

APPROPRIATIONS—STATE, JUSTICE, COMMERCE

Conferees met in executive session to resolve the differences between the Senate- and House-passed versions of

H. R. 8067, State, Justice, and Commerce appropriations for fiscal 1955, but did not complete their work and will meet again tomorrow.

COMMITTEE MEETINGS FOR FRIDAY,
JUNE 25

(All meetings are open unless otherwise designated)

Senate

Committee on Appropriations, subcommittee, executive, to mark up H. R. 9203, legislative and judiciary appropriations, 10 a. m., room F-37, Capitol; full committee, executive, to mark up H. R. 9517, D. C. appropriations, 11 a. m., room F-37, Capitol.

Committee on Armed Services, Subcommittee on Real Estate and Military Construction, on establishment of Joint Air Reserve Training Facility at Alvin Callender Field, New Orleans, 9:15 a. m.; full committee, executive, on S. 3593, to extend Defense Plant Facilities Act, S. 3284, deposits of savings of enlisted personnel, H. R. 6725, transfer of reserves to Regular Navy and Marine Corps, and S. 3466, two additional assistant secretaries each in Army, Navy, and Air Force, 10 a. m., both in 212 Senate Office Building.

Committee on Foreign Relations, executive, on S. Con. Res. 91, Guatemala, on Mutual Security Program, and nominations, 10 a. m., room F-53, Capitol.

Committee on Government Operations, Subcommittee on Legislative Program, executive, on S. 2473 (H. R. 5605), payments in lieu of taxes to States or local taxing units, S. 3155 (H. R. 8753), motor vehicle control bill; H. R. 6290, discontinuance of certain Government reports, and other matters, 10 a. m., 357 Senate Office Building.

Committee on Interior and Insular Affairs, Irrigation and Reclamation Subcommittee, on S. 3382, sale and conveyance of certain transmission facilities in Arizona, 10 a. m.; Subcommittee on Public Lands, executive, on S. 2557, Arizona forest lands, 11 a. m., both in 224 Senate Office Building.

Committee on Interstate and Foreign Commerce, on H. R. 3203, trip leasing, 10 a. m., room G-16, Capitol.

Committee on Public Works, executive, on calendar bills, 10 a. m., 412 Senate Office Building.

House

Committee on Agriculture, to consider report on H. R. 9680, general farm bill, executive, 10 a. m., 1310 New House Office Building.

Committee on District of Columbia, Talle Subcommittee on Crime to hear Police Chief Murray and U. S. District Attorney Rover, on teen-age hoodlums, 10 a. m., 445 Old House Office Building.

Committee on House Administration, Morano subcommittee on H. R. 8917, to permit and assist Federal personnel, including

members of the Armed Forces and their families, to exercise their voting franchise, and other matters, 10 a. m., room G-53, Capitol.

Committee on Interior and Insular Affairs, D'Ewart subcommittee on H. R. 6814, to facilitate the acquisition of non-Federal land within areas of the national park system, and other public land bills, 10 a. m., 1324 New House Office Building.

Committee on Interstate and Foreign Commerce, on H. R. 9325, amending the Federal Airport Act relating to the apportionment of funds to the States by the Secretary of Commerce; H. R. 9327, relating to the administration of the Washington National Airport, and to incorporate the Washington National Airport Corp., 10 a. m., 1334 New House Office Building.

Committee on the Judiciary, Subcommittee No. 1 on bills relating to the Communist Party and Communist-infiltrated organizations, 9:45 a. m., 346 Old House Office Building.

Committee on Merchant Marine and Fisheries, on S. 3233, providing permanent legislation for the transportation of a substantial portion of waterborne cargoes in U. S.-flag vessels, 10 a. m., 219 Old House Office Building.

Committee on Post Office and Civil Service, Cole subcommittee on retirement bills, executive, 9:45 a. m., 213 Old House Office Building, to be followed by full committee on H. R. 8093, Federal pay bill, executive session at 10 a. m.

Committee on Public Works, Mack subcommittee on H. R. 4541, authorizing the modification of the general plan for the comprehensive development of the Columbia River Basin to provide for additional hydroelectric power development; H. R. 9614, relating to certain works of improvement authorized on Guadalupe River, Tex., and Paint Rock, Ala., project, 10 a. m., 1302 New House Office Building.

Committee on Ways and Means, on H. R. 9476, Customs Simplification Act of 1954. American Tariff League and others to be heard, 10 a. m., 1102 New House Office Building.

Joint Committees

Joint Committee on Atomic Energy, executive, to mark up H. R. 8862 and S. 3323, amend Atomic Energy Act of 1946, 10 a. m. and 2 p. m., room F-88, Capitol.

Conferees, executive, on H. R. 8067, State, Justice, Commerce appropriations, 1:30 p. m., room F-37, Capitol.

Conferees, executive, on S. J. Res. 72, regarding sale of certain vessels to citizens of the Philippines, 2 p. m., room G-16, Capitol.

Conferees, executive, on S. 2475, use of surplus agricultural commodities, 2:30 p. m., room P-63, Capitol.

Conferees, executive, on H. R. 8680, Interior appropriations, 10:30 a. m., room F-82, Capitol.

MUTUAL SECURITY ACT OF 1954

REPORT

OF THE

COMMITTEE ON FOREIGN AFFAIRS

ON

H. R. 9678

A BILL TO PROMOTE THE SECURITY AND FOREIGN POLICY
OF THE UNITED STATES BY FURNISHING ASSISTANCE
TO FRIENDLY NATIONS, AND FOR OTHER PURPOSES



JUNE 25, 1954.—Committed to the Committee of the Whole House on
the State of the Union and ordered to be printed, with illustrations

UNITED STATES
GOVERNMENT PRINTING OFFICE

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MUTUAL SECURITY ACT OF 1954

JUNE 25, 1954.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed with illustrations

Mr. CHIPERFIELD, from the Committee on Foreign Affairs, submitted the following

REPORT

[To accompany H. R. 9678]

The Committee on Foreign Affairs, to whom was referred the bill (H. R. 9678) to promote the security and foreign policy of the United States by furnishing assistance to friendly nations, and for other purposes, having considered the same, report favorably thereon, without amendment, and recommend that the bill do pass.

A. COMMITTEE ACTION

This bill overhauls the administrative structure and the basic policies of the legislation involved in the conduct of foreign affairs which was promised by the President in his message of June 1, 1953, transmitting Reorganization Plan No. 7 to the Congress, and by the Committee on Foreign Affairs in its report to the House (H. Rept. 569) on the Mutual Security Act of 1953.

During its intensive study of the problems involved, the committee held 66 meetings beginning April 5, 1954, and received testimony from 80 witnesses. The bill (sec. 542) repeals the existing patchwork of 14 statutes relating to foreign aid and munitions control, and provides comprehensive, basic legislation to replace them.

This is a foreign policy bill, not an appropriation bill. It establishes the "ground rules" under which our assistance will be administered. The amounts mentioned are ceilings for later appropriations to carry out the policies in law. The Congress will have another opportunity to determine how much may be spent under each category. The authorizations recommended by the committee are, with one minor exception, those of the administration.

The authorization for appropriations for fiscal year 1955 is \$3,440,608,000. The additional authorization for future infrastruc-

ture installments and an authorization only for UNRWA bring the total authorization limit up to \$3,668,908,000.

Comparisons with recent years are as follows:

		<i>Reduction</i>
Fiscal year 1953-----	\$6, 011, 000, 000	-----
Fiscal year 1954-----	4, 726, 000, 000	\$1, 285, 000, 000
Fiscal year 1955-----	3, 440, 000, 000	1, 286, 000, 000

This represents a 42-percent reduction in 2 years.

A detailed description of authorizations appears on page 6.

In his message to the Congress of June 23, 1954, President Eisenhower said:

Our mutual security program is based upon the sound premise that there can be no safety for any of us except in cooperative efforts to build and sustain the strength of all free peoples. Above all else Communist strategy seeks to divide, to isolate, to weaken. The mutual security program is an important means by which to counter this strategy. It helps us to bolster strength in remote areas which are, nevertheless, vital to our own security. It is mutually advantageous to our own economy and to the economies of the countries to which we give assistance. It meets the Communist menace at the front line with practical and effective measures. It serves the ultimate purpose of our foreign policy by expanding the area of hope and freedom, and thus it helps to secure the foundations of a free and peaceful world.

In its review and evaluation of the United States mutual security program, the committee has been fully aware that in the field of foreign affairs a number of developments which were anticipated at the time the 1953 legislation was enacted have not materialized, that certain problems that were expected to be solved have not been solved and that new problems of major importance have emerged which have not been adequately provided for.

1. Factors in current situation

The following situations have received particular consideration:

(a) The European Defense Community which the United States regards as essential to current plans for the defense of Western Europe has not yet been established.

(b) Developments may occur in Indochina which could require a complete revision of our defense effort in Asia and the Pacific.

(c) Some countries of the free world which have participated in the program are not taking all the measures which we believe necessary to prevent Soviet aggression.

(d) In the judgment of most qualified observers, including members of the Committee on Foreign Affairs who have visited Europe during the last year, the people of Western Europe do not anticipate a Soviet attack in that area in the near future.

(e) Although the spread of communism inside Western Europe was stopped by our aid in 1948, the persistence of substantial Communist minorities in France and Italy appears to indicate that European recovery has not been accompanied by enough improvement in the situation of large numbers of people in those countries to eliminate the internal threat of communism.

(f) The importance in world affairs of the peoples which have until recently been under the colonial domination of European nations has become increasingly apparent and the fact that some of these peoples tend to regard the United States as more concerned with the interests of the colonial powers than with the welfare of the new nations has become a major problem.

2. Objectives of this bill

In meeting the situation with which the United States is confronted, the committee has endeavored to prepare a bill which would attain the following objectives:

(a) *Strengthen the ability of the United States to meet the threat of Soviet aggression.*—The most important problem confronting every man, woman, and child in the United States today is the Soviet threat. There is no reason to believe that this danger has diminished in any way. It is essential that we not allow disappointments, annoyances, or wishful thinking to divert us from the urgency of the problem or from utilizing every available means of meeting it.

(b) *Maintain the stability and security of nations in which the United States has airbases and other defense facilities.*—Atomic weapons and the Strategic Air Force are the most important weapons available to the United States to deter Soviet aggression. The effectiveness of this deterrence is substantially increased if it is possible to strike from bases as near to Soviet targets as possible.

Every nation is reluctant to have foreign troops stationed on its soil. Many countries where the United States has bases regard these bases as inviting atomic attack by the Soviet if war comes. The only way America can maintain such bases is to cooperate as partners with the host countries on a comprehensive defense program. The United States cannot have foreign bases and follow a policy of isolation in other respects.

(c) *Keep the resources of Western Europe and of the free world generally from falling under Soviet domination.*—If the factories, minerals, and skills of Western Europe were controlled by the Soviet Union, the industrial potential of the Communist bloc would be brought into near-parity with that of the United States. Furthermore, in this electronic age small supplies of rare minerals and other commodities have become vital to United States industry and to United States defense. Some of these are not available within the United States or even in the Western Hemisphere. It is essential that we retain access to such supplies and prevent them, whenever possible, from falling into Soviet hands.

(d) *Avoid action which would destroy efforts on the part of other nations which are in our interest and which we want to succeed.*—Although we do not know whether the European Defense Community will materialize or whether Indochina will be saved from Soviet domination, it is essential that nothing we do should prevent ratification of the EDC or contribute to a collapse in Indochina. It is essential that the United States give tangible evidence of our continued determination to counteract Soviet aggression, our desire to continue what has begun and our confidence that the course we are following will be successful.

(e) *Strengthen our ties of cooperation and friendship with the economically underdeveloped nations of the world.*—The cooperation and support of the economically less developed areas of the world are a critical factor in the efforts of the United States to meet the Soviet threat, and to establish sound and expanding economic relationships among the free nations. The technical cooperation program and other economic development programs are doing much to gain and strengthen such cooperation and support.

Many nations of southeast Asia, the Near East, and Africa have recently emerged from colonial status under European powers.

Within the boundaries of such countries lie important strategic materials and their location gives them command of major sea and air routes. It is in our interest that they do not fall under Soviet control. The people of these countries tend to regard the United States as pro-European and are particularly vulnerable to Soviet propaganda. To many of them, joining the United States and the Western European powers in a defense program is paving the way for new foreign domination.

It is necessary to recognize that many of these countries if left to themselves would be the victims of Soviet subversion although they are not pro-Communist and although foreign domination is feared by them more than anything else. The United States must do what it can to work with these people recognizing that the task is difficult and progress will be slow. The alternative is losing them to communism.

(f) *Curtail expenditures in order that the budget may be brought into balance and that the strength of the United States be maintained.*—In order for the United States to continue its role as the leader in the resistance to Soviet aggression and to be able to give effective backing to other free nations when the need arises, it is essential that United States expenditures be reduced as rapidly as possible.

(g) *Eliminate all aspects of the foreign operations program not essential to meeting the situation which confronts the United States today.*—The original foreign aid programs were designed to meet a postwar emergency. The conditions which the original legislation was designed to deal with have changed substantially. There is a danger that the bureaucratic process perpetuates programs and operations previously begun which would not be started if the operation was just being initiated. This bill repeals all of the previous foreign-aid legislation and makes provision only for operations which are essential to present-day United States foreign policy.

B. ARRANGEMENT OF BILL

The bill groups the various authorizations and programs into five titles which are approximately descriptive of the programs in each category. These titles are as follows:

Title I—Mutual Defense Assistance

Title II—Development Assistance

Title III—Technical Cooperation

Title IV—Other Programs

Title V—Miscellaneous Provisions

Differing conditions and problems in various parts of the world require many different programs and policies, with special limitations and authorizations. These cannot be classified, grouped, and described in a few words with absolute precision. For instance, military aid in the form of military hardware is only \$1,069,200,000, but aid which insures the effective use of this hardware involves additional authorizations of \$2,116,680,000. All of this is included in Title I—Mutual Defense Assistance. This title authorizes assistance to countries which have allied themselves with the United States in a defense treaty and to other nations which have definitely resolved to defend themselves against aggression and have entered into military assistance agreements with the United States. Assistance to such nations includes

military equipment and materials such as tanks, airplanes, ammunition (chapter 1); direct forces support, which is the direct financing of the maintenance and operation of military units of foreign nations (chapter 2); and defense support, which is the provision of economic aid to a country which is supporting a defense effort greater than its own resources permit (chapter 3). It is important to recognize that all assistance under this title goes to nations which are participating in the defense effort of the free world and which have entered into formal agreements with the United States as to their responsibilities.

Titles II, III, and IV, include aid to a number of nations which are not participating in the defense programs. The advantage to the United States of providing assistance to nations which have committed themselves to join with us in resisting aggression is readily understood. There are many who believe that United States aid should go only to countries which are definitely on our side. The reason for not following such a policy is that many nations might be driven into the Soviet sphere of influence as a result.

Today, particularly in the Near East, Africa, and Asia, there are a number of nations which have recently become independent after centuries of colonial status. The governments and the people of these countries are resentful and frequently hostile toward the colonial powers of Western Europe. They are suspicious of the United States partly because our military alliance with the nations of Western Europe appears to identify us with the interests and policies of the governments which previously ruled these new countries. An invitation to the countries which have only recently attained independence to ally themselves with the United States or with a group of western powers in a common defense effort frequently is regarded as a means of reestablishing some form of foreign domination. Soviet propaganda, which caters to their national pride, dwells on their past wrongs, and promises all the good things to which they aspire, is very effective in some of these countries where the people are poor, their resources undeveloped, and their political institutions not firmly established. They are not well equipped to resist subversion. We want to help them resist.

In the judgment of our State Department, none of these recently established governments would, if required immediately to choose sides, voluntarily ally themselves with the Soviet bloc. Only a few, however, would under present circumstances wish to formally aline themselves with the United States. They need outside assistance. If denied such aid from the United States they would become increasingly vulnerable to Soviet subversion.

In view of their strategic location, as well as the petroleum and other resources of these countries, it is in the interest of United States security that they do not fall under Soviet domination. We would prefer that they actively cooperate with the United States in resisting Communist aggression. Even if they are unwilling to do this in all cases, it is still in our interest that they retain their independence.

Although the standard of living in all of these newly established countries is low and their resources are undeveloped, a number of them (particularly those countries with large oil reserves) have substantial revenues. It is particularly important to the United States that such nations not fall under Soviet domination. Furthermore, in spite of their potential wealth, they need assistance. Few of their people are

well educated. They lack trained personnel in health, public administration, agriculture, and engineering. They recognize the technological preeminence of the United States in many of these fields. It is to our advantage to offer these nations our help.

The assistance provided in this bill is of immediate advantage to the United States in the cold war. Nevertheless, the United States derives a significant long-range benefit from technical cooperation and development assistance. Nations with a high standard of living are better customers and tend to be more peaceful neighbors than those living in squalor and harboring feelings of resentment and envy. The technology of today requires the full development of the mineral and other resources of parts of the world which hitherto have been neglected. The people of the United States will be better off in the future if the underdeveloped areas of the world are developed than if they continue as they are.

In order to carry out the objectives set forth above the amount of United States assistance provided to each country has to be adjusted to United States foreign policy and resources. Assistance has not been provided primarily on the basis of need—the most money to the country with greatest poverty. Our resources are not sufficient for such a humanitarian approach. Furthermore, we believe that our constitutional system does not authorize purely charitable contributions by our Government. The American concept of charity is that it must be voluntary and that it is up to the individual. It would be contrary to this tradition for the Government to levy a contribution on the American taxpayer to be distributed as charity. There are some countries which it is to the advantage of the United States to aid. There are others which it is not in our interest to assist. No nation has a “right” to United States aid. The assistance authorized in this bill is related directly to the interests and the objectives of the United States.

C. AUTHORIZATION REQUESTS

The following table shows the amount recommended for each of the categories in the bill, together with the estimated unexpended balance as of June 30, 1954, the estimated expenditures for fiscal year 1954, and the estimated unobligated balance as of June 30, 1954.

[In thousands]

Category	Authoriza- tion, fiscal year 1955	Estimated unexpended balance, June 30, 1954	Estimated expendi- tures, fiscal year 1954	Estimated unobligated balance, June 30, 1954
	(1)	(2)	(3)	(4)
Title I—Mutual defense assistance:				
Chapter 1—Military assistance:				
Sec. 103. General authorization.....	\$1, 430, 300			
Sec. 106:				
Europe, includes facilities assistance.....	617, 500	\$5, 683, 100	\$2, 293, 800	\$2, 043, 200
Near East.....	181, 200	761, 500	356, 600	167, 600
Far East.....	583, 600	1, 067, 700	599, 200	254, 500
Latin America.....	13, 000	58, 700	34, 900	34, 700
Sec. 104. Infrastructure.....	321, 000			
Sec. 105. Development of weapons of advanced design.....	27, 000	50, 000		27, 000
Total, chapter 1.....	1, 778, 300	1 7, 621, 000	2 3, 284, 500	2, 527, 000

See footnotes at end of table, p. 7.

[In thousands]

Category	Authoriza- tion, fiscal year 1955	Estimated unexpended balance, June 30, 1954	Estimated expendi- tures, fiscal year 1954	Estimated unobligated balance, June 30, 1954
	(1)	(2)	(3)	(4)
Title I—Mutual defense assistance—Continued				
Chapter 2—Southeast Asia, the western Pacific and direct forces support:				
Sec. 121. Southeast Asia and the western Pacific	\$800,000	\$590,000	\$175,000	
Sec. 122. Production for forces support	75,000	165,000	5,000	
Sec. 123. Common-use items	70,000			
Total, chapter 2	945,000	755,000	180,000	
Chapter 3—Defense support:				
Sec. 131 (b):				
(1) Europe	45,000	360,600	785,800	\$37,500
(2) Near East, Africa, and South Asia	81,850	124,300	87,700	
(3) Far East and Pacific	96,430	130,600	104,300	
Sec. 132:				
(a) Korean program	230,000	160,000	40,000	
(c) United Nations Korean Reconstruc- tion Agency	11,300	10,700	40,000	10,700
Total, chapter 3	464,580	786,200	1,057,800	48,200
Total, title I	3,187,880	9,162,200	4,522,300	2,575,000
Title II—Development assistance:				
Near East and Africa	130,000	72,200	³ 101,900	
South Asia	85,000	65,000 ⁴	25,000	
Far East and Pacific		24,700	19,000	
American Republics	9,000	2,000	2,400	
Europe (coal and steel loan)		100,000		
Total, title II	224,000	263,900	148,300	
Title III—Technical cooperation:				
Sec. 303. Authorization	112,070	164,500	115,300	
Sec. 305. Multilateral technical cooperation:				
(a) United Nations Technical Assistance	17,958	700	12,300	
(b) Organization of American States	1,500			
Total, title III	131,528	165,200	127,600	
Title IV—Other programs:				
Sec. 403. Special assistance in joint control areas	25,000			
Sec. 405 (a). Movement of migrants and refugees	11,700	5,900	6,200	
Sec. 405 (c). United Nations Refugee Emergency Fund	500			
Sec. 406. Children's welfare	13,500		9,800	
Sec. 407. United Nations Relief and Works Agency (authorization only)	30,000		15,000	29,100
Sec. 408. North Atlantic Treaty Organization	3,200		1,200	
Sec. 409. Ocean freight charges	4,400	700	5,200	
Sec. 410. Control Act expenses	1,300		1,000	
Sec. 411. Administrative expenses	35,900	6,900	32,900	
Total, title IV	125,500	13,500	71,300	29,100
No fiscal year 1955 request:				
Escapes		5,100	4,600	
Basic materials		18,900	2,800	
Sec. 550 sales		117,000	118,500	
Special projects		2,200	100	
East German food		1,500	13,500	
Operation Reindeer			15,500	
Total		144,700	155,000	
Grand total	⁵ 3,668,908	9,749,500	5,024,500	2,604,300
Total for fiscal year 1955 appropriation	3,440,208			

¹ Includes \$48 million estimated unexpended balances of fiscal year 1954 common-use items for Turkey and Formosa which were financed from military assistance funds.

² Includes \$12 million estimated expenditures for Formosa common-use items financed in fiscal year 1954 from military assistance funds.

³ Includes \$11,300,000 for relief and resettlement of refugees entering Israel and \$20 million for Iran under sec. 513 (b) of the Mutual Security Act.

⁴ Includes \$15 million for ocean freight costs for grain to Pakistan.

⁵ Of the total authorization request (\$3,668,908,000) \$198,700,000 is for advanced slices of infrastructure for which no appropriation will be requested this fiscal year. There is also included an authorization request of \$30 million for United Nations Relief and Works Agency for which no appropriation will be requested this fiscal year. Deducting the sum of these 2 figures (\$228,700,000) from the authorization request leaves an authorization request of \$3,440,208,000 for which appropriations will be asked.

The continued geographic shift of the program from Europe to the Far East is indicated by the following comparison of distribution of funds in the last 3 fiscal years:

	1953	1954	1955
	Percent	Percent	Percent
Europe.....	73	40	27
Asia and Pacific.....	14	38	50
Near East.....	11	16	17
Others.....	2	6	6

The following table shows the distribution of authorizations recommended in this bill by area and by function:

Summary by area and function

[In millions of dollars]

	Military assist- ance (Title I, ch. 1)	Direct forces support (Title I, ch. 2)	Defense support (Title I, ch. 3)	Develop- ment assist- ance (Title II)	Techni- cal coopera- tion (Title III)	Other pro- grams (Title IV)	Total
Europe.....	923.5	95.0	45.0			25.0	1,088.5
Near East, Africa, and South Asia.....	181.2	25.0	81.9	215.0	66.0	30.0	599.1
Far East and Pacific.....	583.6	825.0	337.7		22.6		1,768.9
Latin America.....	13.0			9.0	25.0		47.0
Nonregional programs.....	77.0				18.0	70.5	165.5
Total.....	1,778.3	945.0	464.6	224.0	131.6	125.5	3,669.0

The following table shows the distribution of sums in the bill by area, country, and function. Security regulations do not permit a more detailed breakdown than that shown. An "x" indicates that the committee has been advised of the details for the program planned for the particular country.

By area, country, and function

[In millions of dollars]

Area and country	Military assist- ance— title I, ch. 1	Direct forces support— title I, ch. 2	Defense support— title I, ch. 3	Develop- ment assist- ance— title II	Techn- ical coopera- tion— title III	Other pro- grams— title IV
Total, all areas and countries.....	1,778.3	945.0	464.6	224.0	131.6	125.5
Europe, total.....	923.5	95.0	45.0			
Belgium-Luxembourg.....	26.3					
Denmark.....	11.8					
France.....	19.8					
Italy.....	X					
Netherlands.....	28.4					
Norway.....	8.6					
Portugal.....	8.9					
Spain.....	73.7					
United Kingdom.....	162.6	75.0				
Yugoslavia.....	X					
Undistributed by country.....	¹ 384.9	20.0	45.0			25
Near East, Africa, and South Asia, total.....	181.2	25.0	81.9	215.0	66.0	
Afghanistan.....					1.6	
Egypt.....					4.4	
Ethiopia.....					1.5	
Greece.....	X		15.0			
India.....				85.0	19.5	
Iran.....	X				10.0	
Iraq.....					2.2	
Israel.....					1.4	
Jordan.....					2.2	
Lebanon.....					2.5	
Liberia.....					1.3	
Libya.....					1.4	
Nepal.....					.8	
Pakistan.....			20.0		6.7	
Saudi Arabia.....					1.7	
Syria.....						
Turkey.....	X	25.0	45.0			
Dependent overseas territories.....					5.4	
Undistributed by country.....	181.2		1.9	130.0	3.4	
United Nations Relief and Works Agency (UNRWA).....						² 30.0
Far East, total.....	583.6	825.0	337.7		22.6	
China (Formosa).....	X	25.0	62.6		2.4	
Indochina.....	308.0	800.0	21.5		3.5	
Indonesia.....					4.0	
Japan.....	X					
Korea.....	X					
Philippines.....	X		12.3		7.6	
Thailand.....	X				5.0	
Undistributed by country.....	X					
U. N. Korean Reconstruction Agency (UNKRA).....						
Latin America, total.....	13.0			9.0	25.0	
Bolivia.....				9.0	1.6	
Brazil.....	X				3.6	
Chile.....	X				1.5	
Colombia.....	X				1.3	
Costa Rica.....					.9	
Cuba.....	X				.3	
Dominican Republic.....	X				.4	
Ecuador.....	X				1.2	
El Salvador.....	X				.9	
Guatemala.....					.2	
Haiti.....					1.1	
Honduras.....	X				.9	
Mexico.....					1.0	
Nicaragua.....	X				.7	
Panama.....					1.1	
Paraguay.....					1.2	
Peru.....	X				1.8	
Uruguay.....	X				.4	
Venezuela.....					.2	

¹ Any mutual defense assistance provision for Federal Republic of Germany, Italy, or Yugoslavia will be made from this amount.

² Authorization only, no appropriation to be requested.

By area, country, and function—Continued

[In millions of dollars]

Area and country	Military assist- ance— title I, ch. 1	Direct forces support— title I, ch. 2	Defense support— title I, ch. 3	Develop- ment assist- ance— title II	Tech- nical coopera- tion— title III	Other pro- grams— title IV
Latin America—Continued						
Dependent overseas territories.....					0.4	
Undistributed by country.....	13.0				2.8	
Organization of American States (OAS).....					1.5	
Nonregional programs, total.....	77.0				18.0	70.5
Control Act Expenses (MDAC).....						1.3
U. N. Refugee Emergency Fund (UNREF).....						.5
Facilities assistance.....	20.0					
Intergovernmental Committee for European Migration (ICEM).....						11.7
Mutual special weapons planning.....	27.0					
NATO civilian headquarters.....						3.2
Ocean freight, VRP.....						4.4
U. N. Children's Welfare Fund.....						13.5
U. N. expanded technical assistance program (UNTA).....					18.0	
Administration:						
(a) Defense only.....	30.0					
(b) All other agencies.....						35.9

NOTE.—Amounts in col. I are derived from unrounded figures and do not in all cases add to the totals.

I. TITLE I—MUTUAL DEFENSE ASSISTANCE

A. CHAPTER 1—MILITARY ASSISTANCE

1. *Purpose of chapter (sec. 101)*

This section states the policy and purpose of the provision of military assistance in this bill. It reaffirms the policy of the United States to achieve international peace and security through the United Nations. While the United Nations is the major international organization through which our efforts are channeled, it is not, of course, the sole and exclusive agency in that regard, but represents one important facet of United States foreign policy. Recognition is given to the fact that the efforts of the United States and other nations to promote peace and security require additional measures of support based upon the principle of continuous and effective self-help and mutual aid. The section continues the policy of the United States of exerting maximum efforts to achieve universal control of weapons of mass destruction and universal regulation and reduction of armaments. A paragraph is also included reaffirming the previous expressions of Congress favoring the creation by the peoples of the Far East and the Pacific of a joint organization to develop their economic and social well-being and to protect their security and independence.

The objective of this section has been to place in one section all of the relevant language from existing legislation pertaining to the purpose of military assistance. Certain portions of existing law have been deleted in the interest of simplification or in order to confine this section to statements dealing with the administration of programs authorized under this chapter.

2. *General authority (sec. 102)*

This section consists of a general statement of the authority to provide military assistance. The main elements of the authority are (a) military assistance may be furnished by grant, by loan, or by other appropriate terms which may be agreed upon with recipients; (b) recipients may be nations or international organizations; (c) assistance may include the transfer of equipment, materials, and services, and procurement may be from any source, within or outside of the United States. Subject to applicable regional conditions specified in section 106, military assistance may be furnished to any nation which has complied with the requirements of sections 141 and 142.

This section makes clear that United States military personnel can be assigned to foreign nations solely for noncombatant duty, including the furnishing of training and advice. This language is included to give reassurance that military assistance authorized in this bill does not include participation by United States forces in combat.

3. *Authorizations (sec. 103)*

The total authorization for direct military assistance in this section is \$1,430.3 million. This is 39 percent of the funds authorized for

all purposes in this bill and compares to \$3,180 million which was appropriated for the same purposes in fiscal 1954.

The major instrument for attainment of a stronger defensive posture in the free world is the military assistance program. The principal objective of the program is the preservation of peace. The military aid program is designed to make clear to an aggressor that the free nations are no longer easy prey either to overt military aggression or to internal insurrection. This objective is sought through helping to equip and train military forces of a size which during the period of the threat our allies can themselves support with minimum assistance from the United States. The individual and collective effort of allied nations to develop their resources and strengthen their common defenses is resulting in steady progress toward the establishment of formidable barriers to the threat of Communist imperialism.

Funds made available by the Congress for the programs of military assistance from fiscal year 1950 through fiscal year 1954 were allocated in accordance with the best military judgment as to buildup priorities. First priority usually has been given to those active units which could be brought up most quickly to acceptable standards of readiness and combat effectiveness. Next priority has been given to equipping and training additional active and reserve units and to providing adequate ammunition and operational reserves, so that, in general, the forces in being at any given time would constitute the most effective aggregation and disposition of available military forces.

The military assistance program has helped our allies move from a position of relative weakness to one of considerable strength. It is aiding our allies and friends around the world to equip and train a military force equivalent to 175 army divisions, about 220 air force squadrons, and nearly 1,500 naval aircraft, and to operate a great number of naval vessels.

As of December 31, 1953, 7.7 million measurement tons of military weapons and related equipment had been shipped under the military assistance program, exclusive of aircraft and vessels delivered under their own power. The cumulative value of military grant-aid shipments, including the value of excess stocks not charged to appropriations, from the inception of the military assistance program in October 1949 through December 1953, totaled \$7.7 billion, out of total availabilities of \$16,231.7 million. Total shipments in 1953 amounted to \$3.8 billion, almost 50 percent of the 4-year total, and 60 percent more than in 1952.

To insure that United States provided equipment is employed and serviced in the most effective manner, foreign military students are being trained by the United States under the program. Through the end of 1953, over 33,000 students had been given specialized training in this country and abroad. In addition, 700 mobile training teams and over 500 technical representatives had completed or were engaged in on-the-spot instruction of foreign nationals in maintenance and operation of newly developed, complex, specialized equipment furnished under the United States end-item program.

New military assistance funds are authorized to be divided among the following areas:

(a) *Europe*.—Of the new funds authorized by this section \$617.5 million are for Europe. This compares with \$1,860 million appropriated for fiscal 1954.

Western Europe is an area vital to the maintenance of United States security interests for the following reasons:

1. Economic potential is military potential. The natural resources, developed industrial might, technical knowledge and skilled manpower of Western Europe combined with those of the United States provide a basis for military strength formidable to the Soviet Union. This power balance could be reversed, however, if Western European resources were organized to support present Soviet military and economic potential. If, for example, Western Germany's and NATO Europe's 250 million people and its annual production of crude steel (about 60 million metric tons) and of hard coal (about 475 million metric tons) were added to the Western Soviet bloc's population of some 300 million and to its annual production of about 45 million metric tons of crude steel and of about 330 million metric tons of hard coal, the United States by itself would be outweighed over 3 to 1 in population, almost 2 to 1 in the production of hard coal and at least matched in the production of crude steel.

2. Friendly Western European countries presently provide the bulk of military manpower for the common defense, as well as a good share of equipment and finances. NATO Europe alone presently provides manpower for over 90 percent of NATO's ground forces, for about 75 percent of NATO's air forces, plus a good share of NATO's naval strength. In addition, our NATO allies have produced approximately \$8 billion of military equipment since 1950 and have expended over \$35 billion in their collective rearmament effort. The loss of these allies would require vastly greater effort by the United States to go it alone.

3. Strategically, Western Europe provides the United States with a forward defense base from which to engage the conventional forces of any aggressor and to launch atomic retaliatory attacks. Since the coming into effect of the North Atlantic Treaty the United States has concluded 15 bilateral agreements or arrangements with European governments giving our Air Force the right to use in the common defense, air bases owned by these governments. In addition, United States forces have the right when directed by NATO commanders, to operate from commonly owned NATO air bases.

4. The loss of Europe to the Soviets would mean the probable loss of other areas, including Africa and the Near East, and those Asiatic and African colonies of the European powers which in many instances provide the United States with vital strategic resources, such as uranium ore, rubber, tin, etc.

5. Finally, Europe both provides a large market for United States goods, and is a large supplier of United States requirements. Markets in Western European countries and dependencies account for approximately 30 percent of all United States exports, while more than one-third of all United States imports come from Western European producers. A reorientation of this trade away from the United States to the Soviet bloc would have serious effects on the United States economy.

The committee has been informed that as a result of determined European efforts, supported by United States aid programs, the NATO countries have increased the numbers and effectiveness of their com-

bined military strength with remarkable speed to the point where the Soviets could not now launch an all-out attack without noticeable advance preparation and mobilization of their land forces in the area. NATO's active and reserve ground forces have expanded several-fold, its air forces have grown to 2½ times their size in 1951, and its naval strength has also grown considerably. Our aid has permitted our partners to more than double their defense expenditures since 1951, while also improving their economic stability and strengthening their will for self-defense. While this has permitted considerable improvement in the European defense posture, on the basis of present military strategy and objectives, there still exists a substantial gap in meeting the military requirements.

Although over the next few years the pace of the NATO buildup will be reduced, NATO forces will continue to grow. 1954 will see a 5-percent increase in ground force strength, a 15-percent increase in naval strength and about a 25-percent increase in air strength. European defense expenditures are expected to continue at high levels. NATO has reached agreement that the long-term nature of the Soviet threat must be matched by NATO's determination to maintain sufficiently strong economies to support a high level of defense over the "long haul," rather than a rapid one-time effort to prepare for a hypothetical "crisis year."

Although much yet remains to be done, considerable progress has been made in welding the forces of 14 nations into a cohesive defense force. Two major NATO commands exist, both headed by United States officers: the major continental command (SHAPE) located just outside Paris and under Gen. Alfred M. Gruenther, and the major Atlantic Command (SACLANT), located at Norfolk, Va., now under Adm. Jerauld Wright. Subordinate commands have been established under SHAPE in the northern, central, and southern European sectors, as well as in the Mediterranean. Subordinate commands have been established under SACLANT both for the western and eastern Atlantic Ocean. Joint maneuvers and command exercises are held periodically, and participating countries have been exhibiting an increased ability to operate effectively on a coordinated basis.

Even though the military aid supplied by the United States to Europe is very large, the expenditures made by the countries which receive our aid is far larger, as indicated by the following table which shows that the European recipients of our aid plan to spend \$15,090 million on their own defense in addition to the \$617.5 million authorized in this bill.

[In millions of dollars]

¹ France: Includes special military support and special defense financing.
² Greece: FOA/W estimates. For purposes of comparability the conversion rate of 30,000 drachmae to \$1 has been used for all years.

United Kingdom; 1953-54 and 1954-55 includes special defense financing.

Spain: FOA/W estimates.

7 Not available.

* Yugoslavia: FOA/W estimates.

Canada: 1953-54 is Canadian fiscal year.

(b) *Near East (including Greece and Turkey), Africa, and South Asia.*—The authorization for direct military assistance in this bill for this area is \$181.2 million, compared to \$270 million appropriated for fiscal 1954.

The justification for United States assistance to the Near East, Africa, and South Asia is the proposition that it is in the interest of United States security that these areas not fall under the domination of the Soviet Union.

All of the most direct air, sea, and land routes between Europe and the Far East traverse this area. Furthermore, 54.7 percent of the world's petroleum reserves lie in the Near East. The significance of this part of the world to the United States was stated by Adm. Arthur W. Radford, Chairman, Joint Chiefs of Staff, in these words:

The importance of the Middle East to the free world can hardly be overestimated militarily and economically. First, its huge oil reserves now supply most of the requirements of Europe. Second, its geographic location is astride the lines of communication between West and East. And, third, it is only in this area that the Soviets have no satellite buffer states.

The largest proportion of the assistance provided by the United States to this part of the world goes to nations which are able and willing to make a significant military contribution to the defense of the area. Greece has already demonstrated its determination and its capability to defeat, with the aid of United States arms and equipment, a Communist invasion. Turkey has impressed all United States observers with the fact that it intends to resist Soviet aggression to the utmost and that, as a result of United States aid already received, a formidable military force has been created there. An agreement to provide military assistance to Pakistan has recently been entered into. The United States has a military assistance program in Iran which should make it possible for Iran to increase its defensive capabilities as its ability to utilize equipment increases and the economy improves. In addition, military assistance agreements have recently been entered into with Pakistan and Iraq. Detailed programs for these countries are currently being formulated.

Several other nations of this area have a strong military tradition and their people are brave and vigorous. They could greatly strengthen the defensive strength of the area if their cooperation was available, and the United States is prepared to assist them with weapons and equipment. Unfortunately a number of these nations regard the Soviet threat as being of less concern to them than the hostility of their neighbors or than certain of their internal problems. As a consequence, United States military aid has not been available.

(c) *Asia and the Pacific.*—The additional military assistance authorized in this bill for this area is \$583.6 million as compared to \$1,035 million appropriated for fiscal 1954. In addition to Indochina, military assistance is being supplied to the following nations in this area: the Philippines, Formosa, and Thailand. In the near future it is anticipated that a military assistance program will be initiated in Japan. Military assistance to Korea, except training, has been and will continue to be financed from Defense Department appropriations and is not included in this bill.

Military assistance programs for individual countries in this area are regarded as secret. A combined summary for military aid to the area in the past and the program requested by the Executive for fiscal 1955 is shown in the following table:

Asia and Pacific

VALUE OF MILITARY ASSISTANCE PROGRAMS CHARGEABLE TO APPROPRIATIONS

[Millions of dollars]

	Fiscal years 1950-54	Fiscal year 1954	Proposed fiscal year 1955	Fiscal years 1950-55
Total.....	¹ \$2, 410. 7	¹ \$759. 3	\$583. 6	¹ \$2, 994. 4
Materiel.....	2, 228. 2	661. 2	491. 1	2, 719. 3
Equipment and supplies.....	2, 177. 7	656. 4	481. 0	2, 658. 7
Other materiel charges.....	50. 5	4. 9	10. 1	60. 6
Training.....	36. 8	18. 4	20. 7	57. 6
Other (specify) special military support.....	30. 0	30. 0	30. 0	60. 0
Other, P. C. H. and T.....	115. 7	49. 6	41. 8	157. 0

¹ Excludes \$77.6 million materiel and training for 1 country and \$1.4 million packing, crating, handling, and transportation, fiscal year 1954 programs under development.

The military assistance programs in force during the recent years have made it possible for the duly elected Government of the Philippines to suppress the activities of the Communist controlled Huk movement. The military assistance given to the Government of the Republic of China has made it possible for that Government to become a rallying point for free Chinese throughout the world. In addition, our aid has created a military strong point on Formosa that constitutes a major deterrent to the freedom of action of Communist forces on the mainland of China. In Thailand the military assistance program has made it possible for the forces of that country to undertake modernization in the training and equipment essential to its internal security. A major part of the equipment and ammunition necessary to continue the fight in Indochina has been supplied by the United States through this program.

Recent developments in Indochina made necessary a careful reconsideration of the United States military assistance program for all of Asia and the Pacific. It is essential that the United States take no action which would weaken the resistance of the forces which are resisting Communist aggression in Indochina. At the same time, it may become necessary to provide more military aid to countries in this area than such countries have previously received or to supply assistance to additional countries. Detailed programs cannot now be presented for such future action.

It is essential, however, to insure that sufficient funds will be provided to permit the United States to cooperate effectively with the peoples of Asia and the Pacific who desire to make a stand against communism.

There are important manpower resources in the area which, if properly organized and equipped, could stem the Communist tide. The following tables present a comparison of such manpower availabilities:

NON-COMMUNIST POPULATION

Country	Population	Country	Population
Formosa.....	8,827,000	Malaya.....	7,400,000
South Korea.....	20,642,000	Indonesia.....	82,870,000
Japan.....	87,330,000	Philippines.....	21,670,000
Hongkong.....	2,300,000	Guam.....	60,000
Indochina:		Okinawa.....	965,000
Vietnam.....	12,637,500	Australia.....	8,976,000
Cambodia.....	3,131,000	New Zealand.....	2,075,000
Laos.....	1,228,000		
Thailand.....	19,140,000	Total.....	298,391,500

COMMUNIST POPULATION

Russia.....	49,700,000	North Korea.....	7,923,000
China.....	460,000,000		
Indochina.....	12,637,500	Total.....	530,260,500

MALE POPULATION STATISTICS (NONCOMMUNISTS)

Country	Ages 15 to 49	Physically fit	Country	Ages 15 to 49	Physically fit
Formosa.....	2,615,000	1,980,000	Burma.....	5,173,000	2,570,000
South Korea.....	4,351,000	2,140,000	Malaya.....	1,750,000	800,000
Japan.....	20,884,000	16,730,000	Indonesia.....	22,391,000	11,130,000
Indochina:			Australia.....	2,293,000	1,780,000
Vietnam.....	3,870,000	1,920,000	New Zealand.....	493,000	380,000
Cambodia.....	860,000	430,000	Philippines.....	5,239,000	2,690,000
Laos.....	340,000	170,000			
Thailand.....	4,941,000	2,510,000	Total.....	75,200,000	45,230,000

MALE POPULATION STATISTICS (COMMUNISTS)

Russia (estimated)...	11,928,000	9,900,000	Red Korea.....	1,553,000	800,000
Red China.....	125,100,000	61,800,000			
Viet Minh.....	3,040,000	1,500,000	Total.....	141,621,000	74,000,000

The committee was impressed by the argument of Maj. Gen. George C. Stewart, USA, Director, Office of Military Assistance, Department of Defense, who testified as follows on this issue:

Now, the people who live here, the people who have shown themselves willing and anxious to stay on our side of this struggle are faced with that geographical situation. God and birth put them there. They didn't choose to be there, and they can't leave. That is where they have to live. That is where their families live and that is where their livelihood is (hearings, p. 950).

* * * * *

Now, what I am trying to demonstrate here is that these three factors, geography, population, and military strength—people actually in uniform—place our friends in a most difficult situation and certainly leads to the requirement on our part that we demonstrate to them in unmistakable terms our determination to continue steadfastly as their friends and to offer them such assistance as is in our mutual interest.

Further, it seems to me that we have to handle this in such a way that no one can make false propaganda saying that we are simply using these people as pawns in a world game to attain selfish ends.

Now, if those things are true—and the importance of this area to the free world has been repeatedly stated by people better informed than I am—then certainly our actions must be aimed at achieving and maintaining this confidence that the peoples of this area must have in us, and it seems to me that there is nothing more tangible that this country can do at the present moment to reassure these peoples of our intentions than for the Congress to authorize and make possible such actions in this area as may be proper and as may be decided upon by the appropriate people of the Government, as the situation develops and changes.

* * * * *

Now, you can go along and compare what is available with what is there, and I think the point, without belaboring it any further in detail, is that with authority and with the willingness and desire of the people, and with the necessary financial means, we can go into this area and vastly increase the military strength of those peoples who want to stay free of Communist domination.

But, you can't get them to participate unless they have some confidence in our continued support.

The soldiers on Formosa have families and relatives in China. These Filipinos—remember what happened to them when the Huks got loose on their farms and burned out their villages and murdered some of their people.

There are people up here in Korea. They know what it is to have the Communist forces run over you—when you are not strong enough to resist them. They know what it is to walk the roads in the dead of winter with your children freezing on your back because the Communists are coming.

They want to work with us.

But, if they can't be assured of this strong, powerful friend supporting them, they are subject to the same emotions and feelings as any other living being which is, that the first law of nature is self-preservation. And, I think that that is a most important element that we have to consider when we talk about authority to continue this program in this area (hearings, pp. 951, 952, 954).

(d) *Western Hemisphere.*—The additional funds authorized by this bill are \$13 million for this area, as compared to \$15 million appropriated for fiscal 1954.

The other American Republics have, since the earliest days of their independence, been closely related to the United States. Geographic proximity has greatly increased our common interests and linked our security and welfare with that of our Latin American neighbors. The United States and the Latin American countries are participants in the oldest and, in some ways, the most effective regional organization of which this Government is a member—the Organization of American States.

The other American Republics have a combined area that is about two and one-half times that of the United States, a rapidly growing population which already exceeds that of the United States, and natural resources which could support a much higher level of agricultural and industrial activity. They have played, and are continuing to play, a major role in shaping world opinion. This may be illustrated by their strength in the United Nations where the way they cast their 20 votes on crucial issues is of very great importance.

Militarily and strategically, a Latin America friendly to the United States can be a source of great strength; if unfriendly, it could very adversely affect our national welfare. In the event of an emergency, Latin America could help materially in guarding vital inter-American lines of communication and shipping. It could, as in World War II, provide air and sea bases. It could, as Brazil and Mexico did in World War II and Colombia did in the struggle in Korea, supply forces trained in the use of standardized weapons.

The purpose of the military assistance program to Latin America is to provide equipment required by selected units of certain Latin American Republics to enable them to discharge specific military roles and missions assumed by such countries in the mutual defense of the Western Hemisphere. Countries which are now receiving equipment under this program are: Brazil, Chile, Colombia, Cuba, the Dominican Republic, Ecuador, Peru, Uruguay, Nicaragua, and Honduras. Negotiations are underway with a number of additional countries.

Prior to the initiation of this program the armed forces of the American Republics were hampered by a lack of adequate facilities and a preponderance of obsolete military equipment. The military

equipment furnished under the program has improved this situation in those units designated to perform certain missions in defense of the Western Hemisphere, and United States military personnel are helping to train the members of the armed forces of the Latin American countries involved in the use and maintenance of the equipment. The armed forces of the several countries have already demonstrated their ability to utilize and maintain the equipment delivered to them. The program is also helping to standardize military equipment in the units which the American Republics have agreed to use in hemisphere defense missions and will thus simplify supply problems in the event that a serious military threat against the hemisphere should develop.

The appropriations provided for this program in previous years will, when fully expended, substantially complete the equipping phase of the program as presently planned. The funds requested for fiscal year 1955 are to be used primarily for maintaining equipment and for providing further training in its use.

The committee has been following developments in Guatemala carefully in a series of executive sessions with Assistant Secretary of State Holland. We are not in a position to discuss this in our report other than to say that in the opinion of the committee our country is moving wisely in a very grave and difficult situation. A small technical assistance program has been carried on in Guatemala during the past year. While the withdrawal of this program is under consideration, there may be valid reasons for continuing it as long as possible.

4. *Offshore procurement (sec. 103 (c))*

The term "offshore procurement" is used to refer to the procurement of guns, ammunition, aircraft, electronics and other military equipment by the United States abroad with military assistance funds to be supplied to our allies. The program got underway in fiscal 1952.

No specific funds have ever been set aside for offshore procurement, and none is designated in this bill. Financing of procurement abroad, as for procurement in the United States, is from the total authorization for military assistance.

The programs each year have been as follows:

	<i>Millions</i>
Fiscal 1952.....	\$600
Fiscal 1953.....	1, 600
Fiscal 1954 (estimated Apr. 15, 1954).....	931
Anticipated 1955.....	300

The reasons advanced for offshore procurement have included the following considerations:

1. The desire to provide in Europe and the Far East at strategic locations accessible to forces which may be engaged in combat facilities for producing such items as ammunition and spare parts which are consumed in large volume.
2. The desire to reduce insofar as possible the dependence of foreign nations on United States supplies of military equipment so as to lower the cost to the United States of such supplies.
3. The desire to buy at lower prices than are available in the United States a number of items (principally of a nature not suited to mass production) which can be produced more cheaply and more rapidly in other countries.

The types of equipment programed as of April 1954, and contemplated for fiscal 1955 are shown in the following tables:

FISCAL YEAR 1954

	<i>Worldwide</i>	<i>Millions</i>
Ammunition.....		\$526
Aircraft.....		194
Electronics.....		59
Ships.....		56
Combat vehicles.....		27
Artillery and fire control.....		35
All others.....		34
Total.....		931

FISCAL YEAR 1955

At present offshore procurement with fiscal year 1955 funds is only in the tentative planning stage. As tentatively planned, offshore procurement for fiscal year 1955 can be broken down very approximately into categories as follows:

	<i>Worldwide</i>	<i>Millions</i>
Ammunition.....		\$98
Aircraft.....		82
Electronics.....		58
Ships.....		28
All other.....		34
Total.....		300

As the above figures indicate, the volume of offshore procurement planned with funds authorized in this bill is substantially lower than in previous years. Nevertheless, the committee has given full consideration to the situation in many industrial areas in the United States where industry is operating at less than capacity and there is substantial unemployment.

The language of subsection 103 (c) gives direction to those administering the program to give careful consideration to the possibility and desirability of placing orders in areas of labor surplus in the United States before placing them in foreign countries. In addition, a directive is given that prices and delivery dates are expected to be in line with those in the United States.

At the same time recognition is given that the primary objective of the offshore procurement program is military and that there may be occasions when strategic and logistic considerations will outweigh such factors as United States costs and availabilities. Discretion is given the President to act in accordance with such considerations when necessary.

5. *Infrastructure (sec. 104)*

This section authorizes funds for participation by the United States in the acquisition or construction of facilities in foreign countries for collective defense. In the North Atlantic Treaty area, where this authority has been used to date, these facilities are called infrastructure and they consist of airfields, communications networks, port facilities, and the like, used in common by NATO forces. At present more than 120 airfields in Western Europe are ready for use by modern aircraft, although some are not completed. The program provides for 4,000 miles of pipeline and over 8,000 miles of telecommunications facilities.

Financing of the infrastructure has been shared by all of the NATO countries except Iceland. The United States share has been 38 percent net of taxes. The contributions of all the participating nations to the successive programs (called slices) is shown in the following table:

NATO INFRASTRUCTURE

Summary of infrastructure contributions and percentages by country, by slice

[In millions of dollars. Based on Sept. 30, 1953 cost estimates]

Country	Slice I		Slice II		Slice III		Slice IVa		Slice IVb		Slice V		Slices VI-VII		Grand total	
	Dollars	Percent	Dollars	Percent	Dollars	Percent	Dollars	Percent	Dollars	Percent	Dollars	Percent	Dollars	Percent	Dollars	Percent
Belgium.....	11.5	13.1	17.6	5.1	33.1	6.5	11.5	5.2	9.5	5.1	12.8	5.1	22.8	5.1	118.8	5.8
Canada.....	-----	-----	15.2	4.5	27.2	5.3	13.7	6.2	13.3	7.1	17.9	7.1	32.0	7.1	119.3	5.8
Denmark.....	-----	-----	-----	-----	20.5	4.0	7.3	3.3	5.7	3.1	7.7	3.1	13.7	3.1	54.9	2.7
France.....	40.1	45.5	73.8	21.5	67.2	13.2	30.2	13.8	25.7	13.7	34.6	13.8	61.7	13.7	333.3	16.3
Greece.....	-----	-----	-----	-----	-----	-----	5.6	2.5	1.9	1.0	2.5	1.0	4.5	1.0	14.5	.7
Italy.....	-----	-----	-----	-----	40.3	7.9	14.6	6.6	12.1	6.5	16.3	6.5	29.2	6.5	112.5	5.5
Luxembourg.....	5	5	6	2	5	1	1	1	4	2	5	2	9	2	3.5	.2
Netherlands.....	12.0	13.6	10.0	2.9	20.8	4.0	9.4	4.3	7.6	4.1	10.2	4.1	18.2	4.1	88.2	4.3
Norway.....	-----	-----	-----	-----	15.5	3.0	7.0	3.2	4.7	2.5	6.4	2.5	11.4	2.5	45.0	2.2
Portugal.....	-----	-----	-----	-----	-----	-----	-----	-----	3	3	8	3	1.4	3	2.8	.1
Turkey.....	-----	-----	-----	-----	-----	-----	9.0	4.1	3.8	2.0	5.1	2.0	9.1	2.0	27.0	1.3
United Kingdom.....	24.1	27.3	60.7	17.7	67.2	13.2	19.6	8.9	21.4	11.5	28.8	11.5	51.4	11.5	273.2	13.3
United States:	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Gross.....	-----	-----	164.9	48.1	218.3	42.8	91.8	41.8	80.1	42.9	107.7	42.8	192.3	42.9	855.1	41.8
Net of taxes.....	-----	-----	143.1	41.7	196.9	38.6	85.0	38.7	71.9	38.5	100.3	39.9	178.6	39.8	775.8	37.9
Total.....	88.2	100.0	342.8	100.0	510.6	100.0	219.8	100.0	186.8	100.0	251.3	100.0	448.6	100.0	2,048.1	100.0

The specific authorization for appropriations for NATO infrastructure is new legislation. In previous years such funds were part of the regular European military assistance program. The reason for the change is that the NATO countries have agreed upon a 3-year infrastructure program and have fixed the share to be contributed by each country. This 3-year program will complete the total NATO infrastructure program as now planned, of which the total United States share is \$780 million. Accordingly, section 104 contains an authorization for appropriations of \$321 million which would cover the unfunded portion of the United States share of this NATO infrastructure program. The committee has been assured that an appropriation for the full amount authorized will not be requested this year. The fiscal year 1955 appropriation request will be \$122.7 million. Section 104 provides that the remaining portion of the total authorized may be requested in installments prior to June 30, 1958. All such installments are authorized to be made available until expended.

The status of the financing of the United States share of the infrastructure is shown in the following table:

NATO infrastructure—Status of financing

[In millions of dollars]

	Total	United States net share
Commonly financed programs:		
Approved: Slices I through V.....	\$1,600	\$600
Future: Slices VI and VII.....	400	180
Grand total.....	2,000	780

UNITED STATES FUNDING

Fiscal year:	Millions
1952.....	\$169
1953.....	140
1954.....	150
Subtotal.....	459
1955.....	123
Total through 1955.....	582

UNITED STATES OBLIGATIONS

Fiscal year:	Millions
1952.....	\$169
1953.....	140
1954.....	111
Subtotal.....	420
Unobligated balance, \$39 million.	
1955.....	115
Total through 1955.....	535
Unobligated balance, \$47 million.	

ESTIMATED UNITED STATES EXPENDITURES

Fiscal year:	Millions
1952.....	\$17
1953.....	80
1954.....	121
Subtotal.....	218
1955.....	190
Total.....	408

Subsection (a) authorizes a further appropriation of \$321 million to be made available in installments during the period ending June 30, 1958. The language of the subsection is intended to limit the total United States contribution to \$780 million, and if the contributions of other nations fall short of the amounts which have been agreed upon, the United States contribution is to be reduced to maintain the agreed ratio to total contributions.

Subsection (b) authorizes the use of military assistance funds and of local currencies derived from the sale of surplus agricultural products for collective defense facilities outside the NATO area to a total of \$50 million.

Subsection (c) makes clear that the transfer authority shall not be used to increase the amounts authorized in subsections (a) and (b).

Although the specific authorization for NATO infrastructure is new, the language describing the purpose of the section and establishing the prohibition against rental or purchase of land or payment of taxes is taken from the Mutual Security Act of 1951, as amended, section 521.

6. Development of weapons of advanced design (sec. 105)

This section authorizes an appropriation of \$27 million to be used exclusively for the purpose of encouraging and expediting the development of nonnuclear weapons of advanced design by nations or international organizations eligible to receive military assistance. The objective of the program carried under the name of "mutual special weapons" in the fiscal 1954 program (sec. 542, Mutual Security Act of 1951, as amended), is to increase the defense capability of our allies and the United States through accelerating the research, development and production of such weapons.

A description and the importance of the program were given by Hon. Tracy S. Voorhees, Director, Offshore Procurement, Department of Defense, and Defense Adviser to the United States Mission to NATO in Paris, during his testimony before the committee as follows:

In the original concept last year, a very much larger sum of \$250 million had been requested in the expectation of substantial purchases of finished weapons. The reduction to \$50 million necessitated an alteration in the nature of the program which I believe, in retrospect, was a constructive change. These restricted funds have not been used to purchase combat quantities of new weapons, but are being employed for the development and demonstration of what our scientists have reason to hope will include valuable weapons of the future for the defense of Europe.

The program is a mutual one, and has two aspects, the European and the American. Responsibility for the development aspects, which have been predominant, was assumed by Mr. Donald A. Quarles, Assistant Secretary of Defense for Research and Development, who, as you know, was the former president of Bell Laboratories.

* * * * *

Eminent scientists inform me that, although it is axiomatic that the United States excels in production techniques, yet in inventive capacity European scientists are not overshadowed by the United States. However, European defense funds to support promising developments in military items are limited. Further, such developments have been conducted by each nation for its own needs rather than under any integrated plan for Western European defense as a whole.

* * * our team of research and development specialists from the Army, Navy, and Air Force, headed by General Maris, was able, on visits to the different countries, to obtain the utmost cooperation and full explanation of developments which these countries have in process which might strengthen NATO defense. From these, there were selected the ones for which it was felt that United States assistance would be justified.

The group then reported in writing, and in person, to Mr. Quarles in Washington, and the recommendations were screened by the three military departments

* * * * *

Thirty-six projects, constituting the bulk of the originally recommended program, were submitted to the President and approved by him, as the act requires.

Negotiations are now under way with the respective governments as to these projects, providing for United States assistance to speed them up, and assuring that successful developments resulting will be available, subject to adequate security protection, for NATO defense. Such defense is the reason and the purpose for the United States aid, but as a byproduct of our assistance, we expect to receive the right to use of the developments also for United States defense purposes, should this prove desirable.

Under the existing program, we restricted assistance to projects in which the development of the new military items in question were well advanced.

* * * * *

Secretary Quarles has arranged that the Research and Development Divisions of our three military departments will, with the assistance of the mutual special weapons team now set up in Paris, monitor the progress of the projects. The team in Paris under General Maris is also screening further European developments of promise.

The second part—that is, the American part—of this program includes a screening of developments of our own Armed Forces which might be useful for NATO defense. This includes items which are not standardized in the United States forces, but which might have utility for NATO. Here we must remember that NATO's needs may be different from those of our own Armed Forces, both because of the nature of the NATO mission and the fact that it is geographically localized; also, because the limited funds available from the aggregate of Europe's budgets, plus United States military assistance, make it imperative that less expensive weapons be found so that the defense effort does not break down through too heavy costs (hearings, pp. 301, 302).

Mr. Voorhees also pointed out to the committee that the Department of Defense plans on using part of this fund in connection with the European aircraft control and warning system problem. As stated by Mr. Voorhees:

Mr. Quarles * * * has in mind the possibility of utilizing a portion of this fund to develop a mutual arrangement with the different countries under which they will, with some assistance, round out their own aircraft control and warning systems and these will be linked up with some assistance by the United States including United States know-how and experience through a central laboratory. This in scientific parlance is "systems engineering." There is very great need for the development of an integrated early warning system which will not be possible without United States leadership, know-how, and some relatively modest financial assistance (hearings, p. 325).

United States assistance to our allies to test and develop these projects should result in getting new types of special weapons into service years before they would otherwise be perfected, and thus make a desirable contribution to the mutual efforts of the United States and its allies.

7. Conditions applicable to military assistance (sec. 106)

Subsection (a) establishes the requirement that military equipment and materials are to be supplied to nations whose increased defense abilities are important to United States security and only under the following conditions: (1) To maintain internal security, (2) for self-defense, (3) for area defense, (4) for collective security arrangements consistent with the United Nations Charter, and (5) on condition that such military assistance will not be used for aggression against any nation.

Subsection (b) expresses in concrete form the importance which the United States Government, including both the Congress and the

executive branch, attaches to European unification and, in particular, to the treaty which is designed to establish a European Defense Community. The Mutual Security Act of 1953 contains a provision authorizing funds for the nations whose governments have signed this treaty and permitting procurement from these funds, but prohibiting actual deliveries of equipment until the European Defense Community enters into effect. With certain modifications, the new provision perpetuates this limitation with respect to mutual-security funds for fiscal year 1954 and, at the same time, extends it to fiscal year 1955 funds. It should be noted that equipment purchased from funds authorized prior to the Mutual Security Act of 1953 will not be affected.

The continued delay in ratification by France and Italy after the other countries have ratified has caused the committee to modify the prohibition against the delivery of military equipment to those countries whose governments have already ratified the European Defense Community Treaty. These countries will now be eligible to receive military aid financed from funds appropriated for fiscal years 1954 and 1955 on the condition that they have either joined together in or are developing collective defense programs in a manner satisfactory to the United States as determined by the President. This modification does not indicate that the United States Government favors an alternative to the European Defense Community Treaty. The basic requirement remains that a signatory of the European Defense Community Treaty must have ratified that instrument before it can qualify for assistance. The continuation of this provision reemphasizes the importance which the United States attaches to the European Defense Community. The language adopted, however, recognizes the fact that a new approach to mutual American and European security objectives may be necessary if the European Defense Community Treaty is not ratified and provides the President with the means to pursue such an approach. It is not possible at this time to foresee what situation would follow nonratification of the European Defense Community Treaty, nor to anticipate the consequences of an "agonizing reappraisal" of United States foreign policy which would be made necessary in such circumstances. However, it is believed that the language adopted is sufficiently broad to provide the President with the necessary flexibility in meeting future contingencies.

Military assistance to nations in the Near East, Africa, and South Asia for area defense can be furnished only to permit participation in area defense arrangements in which the President finds the recipient nation is required to take an important part. Direction is given that in supplying military aid and in carrying out section 121 of this bill assistance shall be given to the free peoples of the Far East and the Pacific to create a joint organization consistent with the United Nations Charter, to establish a program of self-help and mutual cooperation designed to develop their economic and social well-being, to safeguard basic rights and liberties, and to protect their security and independence. Assistance to the other American Republics is made available only in accordance with plans for the defense of the Western Hemisphere.

Subsection (c) sets limits to the value of military aid which can be supplied to each of the four areas specified. In each case the limit is the total of funds heretofore made available in previous years plus

the designated portion of the new authorization for military assistance in section 103.

These designated portions of the new authorization are as follows:

Europe (excluding Greece and Turkey)-----	\$617, 500, 000
Near East (including Greece and Turkey), Africa, and South Asia--	181, 200, 000
Far East and the Pacific-----	583, 600, 000
Western Hemisphere-----	13, 000, 000

Under subsection (d), transfer of military funds between areas, the President is permitted to transfer a maximum of 10 percent of the funds made available for military assistance for each of the four geographic areas—Europe, the Near East, Africa and South Asia, the Far East and the Pacific, and Latin America—from one area to another. The funds available for each of these areas comprise two elements: (1) The unexpended balance as of June 30, 1954, of military funds previously appropriated, and (2) the amount authorized for fiscal year 1955 in subsection (c) of this section. When transfers have been made under subsection (d) the funds available are adjusted accordingly. Thus, if a transfer is made from the European to the Far East area, the European ceiling is reduced by the amount taken out and the Far East ceiling is increased by the amount put in. Money available for infrastructure and for special weapons development are specifically excluded from the transfer provision.

In view of unsettled world conditions and of an inability to determine the shifting requirements of military support to our allies, the committee recommends this flexibility be granted to the President. Such authority will permit him to use with maximum effectiveness the military equipment provided under this program.

8. *Sale of military equipment, materials, and services (sec. 107)*

This section continues the so-called reimbursable aid provisions of the Mutual Defense Assistance Act. Under this authority friendly nations which are able to do so can purchase United States military equipment with their own funds.

As of December 31, 1953, 46 countries had purchased military supplies from the United States. Purchases included 6 light cruisers, 5 destroyer escorts, 5 Coast Guard utility vessels, 4 patrol frigates, 464 aircraft of all types, 486 tanks, 187 gun motor carriages, 318 armored cars, and other items such as motor vehicles, weapons, ammunition, and electronic equipment.

Total purchases of equipment, materials, and services from the inception of the program, October 6, 1949, to December 31, 1953, were \$677.7 million. Total deliveries of equipment, materials, and services as of December 31, 1953, were \$344.5 million.

The Dominion of Canada has been the largest purchaser. Not only has Canada bought for cash from the United States the munitions required to convert her armed forces from British to United States type equipment but she also has transferred substantial quantities of her military stocks to other North Atlantic Treaty Organization nations on a grant basis. It would have been impossible to have attained this progress if the Canadians had not been able to purchase essential United States type equipment.

The following countries are eligible to purchase military equipment under this section. Eligibility is established by joining with the United States in a regional defense arrangement, signing an agree-

ment under section 142 of this bill or by giving the President commitments that the equipment will be used for defense purposes and that the recipient nation will not undertake any act of aggression:

Argentina	Greece	Norway
Australia	Haiti	Pakistan
Belgium	Honduras	Panama
Bolivia	India	Paraguay
Brazil	Indonesia	Peru
Burma	Iran	Philippines
Cambodia	Iraq	Portugal
Canada	Israel	Saudi Arabia
Chile	Italy	Spain
China (Formosa)	Japan	Sweden
Colombia	Korea	Switzerland
Costa Rica	Laos	Thailand
Cuba	Lebanon	Turkey
Denmark	Liberia	Union of South Africa
Dominican Republic	Luxembourg	United Kingdom
Ecuador	Malaya	Uruguay
Egypt	Mexico	Venezuela
El Salvador	Netherlands	Vietnam
Ethiopia	New Zealand	Yugoslavia
France	Nicaragua	
Germany, Federal Republic		

Subsection (b) establishes the principle that purchasers must pay before delivery or, when the President determines it to be in the best interests of the United States, within 60 days after delivery, or, as determined by the President, within a reasonable period not to exceed 3 years. The minimum prices which may be charged in the sales program are identical for the various categories of equipment with the values to be reimbursed to an agency furnishing equipment under the grant military assistance programs (defined by sec. 545 (h)); except that, in the case of equipment excess to the mobilization reserve, the minimum price is fixed at (a) the rehabilitation cost plus the scrap value or (b) the market value, if ascertainable, whichever is greater. If the Government enters into a contract for new production or rehabilitation work on behalf of a purchaser, the purchaser must agree to guarantee the United States against any loss on the contract. The language of subsection (b) is taken from MDAA section 408 (e) (2). There are three principal changes. *First*, a minimum price computed on the rehabilitation cost plus the scrap value has been substituted for two former minimum prices: namely, rehabilitation cost plus (a) 10 percent of the original gross cost or (b) the scrap value. *Second*, the President is given authority to make sales on credit periods in certain cases not to exceed 3 years. *Third*, the monetary ceiling on the authority to make procurement or rehabilitation contracts, without cost to the United States, on behalf of foreign purchasers, has been removed, and such contracts may be made without charge to any appropriation or contract authorization.

9. *Waivers of law (sec. 108)*

Subsection (a) authorizes the President to perform functions under title I, without regard to (a) the provisions of title 10, United States Code, section 1262 (a), requiring the certification of the Chief of Staff of the Army that military equipment and materials proposed for disposition are not essential to the defense of the United States; (b) the provisions of title 34, United States Code, section 546 (e), requiring

the certification of the Chief of Naval Operations that naval equipment and materials proposed for disposition are not essential to the defense of the United States; and (c) such provisions as he may specify of the joint resolution of November 4, 1939 (54 Stat. 4), known as the Neutrality Act of 1939. The language of subsection (a) is the same as section 407 (b) of the Mutual Defense Assistance Act of 1949, as amended.

Subsection (b) permits the detail of personnel of the Armed Forces to noncombatant duty with any agency or nation in connection with the furnishing of assistance under this bill, notwithstanding the provisions of title 10, United States Code, section 576 (forbidding an Army officer on the active list from holding any civil office). The language of this subsection is substantially the same as section 406 (b) of the Mutual Defense Assistance Act. The Department of Defense may permit the detail of an officer, for example, to assist an FOA mission in a country where there is no Military Assistance Advisory Group or to permit assignment of an Army engineer to an FOA-financed survey project under this subsection.

10. Transfer of military equipment to Japan (sec. 109)

United States policy in the Far East envisages an independent and stable Japan, capable of contributing to its own defense. The Japanese have taken, and are taking, steps to increase their defensive capacity. In July 1950, General MacArthur decided upon the creation of a 75,000-man Japanese National Police Reserve, now called the Japanese National Safety Force. Subsequently, Japanese naval forces were organized, and very recently the Japanese have agreed to establish an air force. By March 31, 1955, the strength of Japanese security forces in all 3 services will approximate 152,000 uniformed personnel.

The United States has assisted the Japanese in building up their security forces to the extent of lending equipment to their ground forces on memorandum receipt. The equipment loaned includes rifles, machineguns, rocket launchers, mortars, armed cars, as well as light tanks and artillery. The Japanese, on their part, have contributed almost all the required quartermaster equipment and medical supplies, plus much of the engineering, signal and transportation equipment. They have also fed, housed, and paid their own forces and constructed camps and facilities for them. With the equipment loaned by the United States, together with that supplied by the Japanese themselves, the present Japanese ground forces are considered 75-80 percent equipped.

All of the equipment authorized for transfer under this section has been funded out of Army and Navy appropriations, and most of the equipment is on hand. This section neither requests nor requires new money. It simply permits the President to transfer title to the equipment to the Japanese Government. The President is given until June 30, 1955, to make such transfers on such terms and conditions as he may determine as in the best interests of the United States.

Until April 28, 1952, Japan was without a sovereign government. After that date negotiations between the United States and Japan were undertaken for the bilateral agreement required under the existing mutual security legislation. Such an agreement was signed on March 8, 1954, and is now in effect. All future military assistance that

the United States furnishes to Japan, including any equipment transferred under this section, will be governed by the terms of that agreement and by the provisions of the mutual security legislation.

The Japanese have made a very substantial contribution toward the establishment and maintenance of their own security forces. Although other expenditures will be reduced, the Japanese are increasing those for defense during this fiscal year to more than \$450 million. The assumption of increasing responsibility by the Japanese for their own defense will permit the gradual withdrawal of United States forces and will relieve the United States of the substantial financial burden involved in stationing United States forces in a foreign land.

The transfer of equipment authorized by section 109 is a step in the direction of developing Japanese capacity for self-defense. This is in the interest not only of the United States but of all nations of the free world.

B. CHAPTER 2—SOUTHEAST ASIA AND THE WESTERN PACIFIC, AND DIRECT FORCES SUPPORT

1. *Southeast Asia and the Western Pacific (sec. 121)*

This section authorizes \$800 million for the support of the forces of the Associated States of Cambodia, Laos, and Vietnam, and the forces of France located in these Associated States and for any other expenditures in the area of southeast Asia and the western Pacific to accomplish the purposes of this bill. Assistance can be given on such terms and conditions as the President may specify. The President is authorized not only to provide assistance in the form of equipment, materials, and commodities, but also to transfer funds.

This broad discretion over the use of a substantial sum of money is believed to be necessary to enable the President to meet the uncertainties with which the United States is confronted in the area.

An analysis of the situation in this area and its importance to the United States is contained in the discussion of military assistance to the Far East and the Pacific in section 103, above.

2. *Production for forces support (sec. 122)*

This section authorizes an appropriation for the fiscal year 1955 for the manufacture in the United Kingdom of military aircraft required by United Kingdom forces for the defense of the North Atlantic area. The funds are available for use by the President for this purpose in any way he deems necessary, including the transfer of funds. In addition to the new appropriation authorized, the section authorizes the carryover for another year for their original purposes of unexpended balances of the appropriation made pursuant to section 102 of the Mutual Security Act, part of which was for weapons for France and part of which was for military aircraft for the United Kingdom.

General Stewart, in describing to the committee the United States effort with respect to the program, referred to this provision in these words:

It is an overall plan in an effort to increase the finest air force outside of the United States, on the Western side. * * * In the event of war all these forces are available for the North Atlantic Treaty Organization. This whole plan is an effort to build up the RAF to support the NATO forces between ourselves in the event of war (hearings, p. 741).

Mr. Stassen, during his testimony before the committee, also emphasized the need for United States support:

The Royal Air Force is the world's No. 3 air force, after the United States and Russia and its importance to the balance of air power between the free world and the Communist bloc may be such as to have an important weight in that balance. Its equipment is modern, its organization and training is excellent. It has the esprit de corps of an elite force with heroic traditions. It is a part of the approach that we should build on known sources of strength and make them stronger, and we feel that in any extremity that one of the forces you could depend upon is the Royal Air Force of the United Kingdom.

Now the forces in the United Kingdom, itself, in addition to the force which, as I said, was the largest contribution to continental air strength, in addition to that in the United Kingdom, there is a fighter command, a bomber command, and a coastal command, and these forces have worked out, or the governments have worked out a satisfactory relationship of these forces in the United Kingdom, with the overall NATO air command and strategy.

Now what they are doing is modernizing and expanding, with our cooperation and financial assistance.

The new types of planes are the Hawker-Hunter, the Vicker-Armstrong Swift. Both of these new types are of high performance and are heavily armored.

* * * * *

The emphasis on building up a strategic bombing force is a second aspect of the Royal Air Force program. The British have designed a series of medium bombers usually known as the V class. Along with this bomber development and as a necessary adjunct to it is the construction of a number of new airfields in the United Kingdom with longer and stronger runways.

Finally, the United Kingdom's facilities for research and development for their RAF are being vigorously employed. All types of turbojets, ramjets, and rockets are being developed and the United Kingdom continues to maintain one of the positions of leadership in research in the world.

* * * * *

These planes, and the force, we feel, are one of the strong points of free-world defense, and that is why, even in a decreasing program, we are proposing that we should follow through and put some chips on the further expansion and modernization of the Royal Air Force.

The British themselves are doing a very substantial job on it and by keeping them up to a very high air force effort, but at the same time making it possible to strengthen the sterling a bit we feel we are following sound defense and economic policy from the United States own interests. It is in the interests of the United States that sterling be strong, that it have convertibility; and it is also in the interests of the United States that there be a very powerful Royal Air Force (hearings, pp. 1101-1103).

3. *Common use items (sec. 123)*

This section authorizes \$70 million to assist countries carrying heavy burdens in financing the large armed forces they are maintaining to obtain certain items for the use of their forces. These items are of the same general types as are used by civilians and include tires, gasoline, paint, cement, etc. This authorization is to be spent to supply such "civilian type" products for the armed forces of the recipient countries.

The funds under present plans will be divided as follows:

Europe.....	\$20, 000, 000
Turkey.....	25, 000, 000
Formosa.....	25, 000, 000

C. CHAPTER 3—DEFENSE SUPPORT

1. *General authority (sec. 131)*

Programs within this classification are designed to support the military efforts of certain countries which are eligible to receive military assistance. Such support involves the provision of supplemental

resources which a recipient country requires if it is to carry on a defense program of the size which United States policy regards as necessary.

The policy reason for mutual defense support programs is the attainment of military objectives rather than the extension of any economic benefits which may also incidentally accrue to the recipient nation.

Mutual defense support differs from direct forces support in the following respect: Although both forms of assistance are designed to make possible the creation or maintenance of a certain level of military forces, direct forces support does so by providing, or paying for, goods or services that physically (although sometimes in a different form) reach or benefit the forces involved, whereas mutual defense support contributes to this objective more indirectly through providing resources which enable the recipient country to maintain a level of defense expenditures or undertake defense activities that would otherwise not be possible. The one form of assistance can be traced directly to a soldier who actually uses it or is served by it; the other form has its specific military impact as a country's economy is rendered capable of sustaining the desired enlargement of its defense burden.

The funds authorized by this program are as follows:

Europe (excluding Greece and Turkey).....	\$45, 000, 000
Near East (including Greece and Turkey), Africa, and South Asia..	81, 850, 000
Far East and the Pacific.....	96, 430, 000

(a) *Europe*.—There remain only two countries in which it presently appears that the achievement of United States objectives require continued defense support assistance.

Spain: Funds will be used primarily for imports of raw materials and consumables. About half of the total is expected to be devoted to the procurement of surplus agricultural commodities. It is presently hoped that a major proportion of the local currency counterpart can be used to meet the costs of the United States base construction program in Spain.

Yugoslavia: The defense support assistance programed for Yugoslavia is designed to support Yugoslavia's own efforts to maintain a large defense establishment. The Yugoslav Army is the largest ground force in continental Europe, outside the Soviet orbit, and its maintenance has strained Yugoslav resources. United States assistance will help insure that the large share of resources devoted to defense does not result in economic instability and further declines in consumption levels.

(b) *Near East, Africa, and South Asia*.—The following countries are expected to receive defense support in this area during fiscal 1955 in the amounts indicated:

Greece.....	\$15, 000, 000
Pakistan.....	20, 000, 000
Turkey.....	45, 000, 000

Greece and Turkey are making a material contribution to the defense of the free world. In spite of their meager resources, their defense expenditures are proportionately among the highest in the West. Tangible evidences of this are the important forces they provide for the defense of the eastern flank of NATO, and their participation in the U. N. defenses in Korea. Strongly western orientated, these countries have lent solid support to the United States in its international policy of seeking to deter aggression and preserve free institutions.

Greece and Turkey are relatively advanced in comparison with most of the other countries of the region, yet in comparison with their NATO colleagues they are underdeveloped countries with limited resources. American economic and military assistance has been a substantial element in advancing Greece and Turkey toward a position of relative economic stability and military effectiveness. Moreover, American assistance has also been a propitious element in the development of politically stable and democratic governments in both countries, providing one of the basic ingredients for further advancement in the economic, social, and military fields. Such developments in these countries will act as a stabilizing influence throughout the Middle East.

Their armed forces, initially designed to maintain internal security and provide against limited aggression from without, have been reorganized in a form suitable to contribute to NATO defenses. While quantitatively these forces now closely approximate the NATO force goals established for them, they still require very considerable support and assistance to achieve qualitative standards in armor, modern equipment, and training in order to realize the full weight and effectiveness of their defense potential.

In both Greece and Turkey there are being developed the prerequisites for modern industrial economies. While the balance-of-payments situations in these two countries have shown improvement (particularly in Greece), nevertheless their present finances are insufficient to support the necessary qualitative improvements in their defenses. Thus assistance is needed to help these countries to fulfill their military commitments, and to permit them gradually to increase their financial capacities and thus eventually to attain, without undermining the social and economic stability and growth which underlie their strong will to resist aggression, a position where they can support their own defenses without external assistance.

Pakistan: The fiscal year 1955 program proposed for Pakistan amounts to \$20 million. The program takes account of Pakistan's basic need in the field of food and agricultural production but places greater emphasis on a broader and more balanced program, particularly in the industrial field and those projects which will contribute to Pakistan's industries to support her agricultural development. It also recognizes the determined efforts and progress which Pakistan is making in stimulating the interest of private investors, both domestic and foreign, in the industrial field. The program will assist Pakistan in supporting a heavy defense burden and at the same time raise standards of living.

In addition to the rupees to match United States dollar contributions which Pakistan has always pledged, the bulk of the rupees derived from the sale of United States grant wheat in Pakistan will be available for developmental purposes.

(c) *Far East and the Pacific.*—Under present plans the following countries will receive defense support in this area:

China: \$62,600,000.

These funds will supplement foreign exchange resources of the Formosa Government. They will be used to assure an adequate supply of consumer goods, industrial raw materials, and capital goods and services.

Of the total funds requested within this category, \$38.2 million will be used to finance industrial raw materials, such as phosphate rock to manufacture calcium superphosphate, soy beans for cake and edible oils, raw cotton to manufacture textiles, and lubricating oils for manufacturing industries, railways, buses and power generation. A small amount, \$0.5 million will be used to improve harbor, railway, and telecommunications systems, which are essential to effective support of the military establishment. The balance will be used as follows: \$0.3 million for improved irrigation and fishing facilities, \$4.0 million for power and shipbuilding, and \$15.5 million for the expansion of industries already established. (These are chemical fertilizer, paper and pulp, lumbering, sugar refining, chemicals, rubber processing and metals, and the mining of copper, gold, bituminous coal and coke.) A further \$0.7 million is for the services of a United States firm of consulting engineers. The balance of \$3.4 million is for rehabilitation and replacement equipment.

FOA aid to industrial development in fiscal year 1955, provided in this program, is expected to be particularly effective because it is geared to Chinese assurances, which FOA believes are within their capabilities, that the Government will further improve its economic planning, take steps to establish a favorable climate for private foreign and domestic investment, and increase the efficiency of presently Government-owned industries.

Indochina: \$21,500,000.

The funds programed for mutual defense support will be concentrated on highest priority needs. Substantial assistance will be given to the improvement of transportation and communications facilities needed by the military. Increased imports of road-building equipment and asphalt, together with substantial counterpart support, will speed up the repair and construction of strategic highways, harbors, and airfields.

FOA support of relief and rehabilitation activities will be expanded. Larger amounts of equipment will be supplied to French civil affairs teams, and substantial counterpart assistance will be provided for more immediate aid to refugees, particularly in north Vietnam and other war-torn areas. Assistance to the States' psychological warfare activities will be coordinated with other relief activities.

In order to maintain production of essential goods and services, it is proposed to use about \$17 million of the total assistance requested for fiscal year 1955 for imports of fuel, fertilizer, machinery, and replacement parts for domestic sale. The local currency proceeds (counterpart funds) will provide the internal financing for both defense support and technical cooperation projects.

Philippines: \$12,370,000.

Increased production and private investment, and improvement of rural conditions are dependent upon better transportation, power, irrigation and other basic facilities of a public-works type. Since the inception of the Philippine program in 1951, substantial assistance to the development of such facilities has been given. However, the Philippine Government is already supporting this type of project to the limit of its budgetary capacity. Loans for these purposes have been small because the projects are generally not self-liquidating and because peso support is limited. United States assistance is proposed for such purposes as gravity irrigation for an additional 80,000 acres;

continued support to road and bridge construction to accelerate movement of goods and settlement of new land; improvement of harbor facilities to cut costs and increase the speed of vital water transportation; and for multiple-purpose development projects to help develop the power, irrigation, flood control, and water-supply potentials of key river valleys. These are projects already planned but which require some marginal dollar financing; the major costs will be in pesos, most of which the Philippine Government has already provided.

2. Korean program (sec. 132)

In its report of January 29, 1954, the Special Study Mission to Southeast Asia and the Pacific, consisting of Hon. Walter H. Judd, chairman, Hon. Marguerite Stitt Church, Hon. E. Ross Adair, and Hon. Clement J. Zablocki, succinctly traced the steps taken by the United States and the United Nations to cope with the economic problems of Korea.

Korea's economy since the invasion can be discussed only in the framework of United States and United Nations efforts. Their economic assistance was no less decisive than their military efforts. Initially the Eighth Army's activities were regarded as a police action, and no steps were taken to deal with civil affairs. In July 1950, the United Nations Security Council requested the United States to handle civilian relief. This responsibility was assigned by the President to the commander in chief, United Nations Command (CINCUNC) in September 1950, at which time civil assistance was transferred from ECA to CINCUNC. To handle this constantly enlarging function, CINCUNC set up a Korean Civilian Assistance Command (KCAC) as part of the military organization. Like any military government unit, its job has been to deal with the emergency needs of the civilian population, such as food, shelter, and medicine, in the area of military operations. Since the Republic of Korea (ROK) continued to function throughout the conflict and to extend aid in areas not immediately in the military theater, KCAC has worked closely with the Government in giving technical advice and assistance and supervising the distribution of relief supplies in Korea. Funds for KCAC have been voted by Congress to the Department of the Army as Civilian Relief in Korea (CRIK).

The United Nations first approached the problem of civilian relief in October 1950, when it established the United Nations Commission for the Unification and Rehabilitation of Korea (UNCURK). The primary objective of this new body was to effect the establishment of a unified, independent and democratic Korea and, as a subsidiary task, to assume responsibility for such relief and rehabilitation functions as the General Assembly determined. When the Chinese Communists entered the war, the primary objective became more remote, and United Nations emphasis shifted to economic assistance. In December 1950, the United Nations Korean Reconstruction Agency (UNKRA) was set up to deal with relief and reconstruction, and UNCURK receded into the background.

The operation of a civilian agency in a combat theater raised an issue as to UNKRA's role. In a memorandum of understanding between UNC and UNKRA a clarification of the respective responsibilities was agreed upon. During the period of active military operations and for 180 days thereafter, UNC would have full authority for all civilian relief and rehabilitation. After that, UNKRA would assume responsibility. In the interim it was agreed that UNKRA would devote itself to planning and to building up its personnel, who may be detailed to UNC, and would undertake such projects as were mutually agreed upon.

The efforts of the Korean Government to run its economy impinged on the relief program. To bring about a coordination of planning and operations, an economic and financial aid agreement was entered into in May 1952, between the ROK and the Unified Command. The agreement provided for the establishment of a Combined Economic Board (CEB) composed of a representative of CINCUNC and of the ROK to develop an "overall program designed to provide maximum support to the military effort of the United Nations Command in Korea, relieve the hardships of the people of Korea, and develop a stable Korean economy."

By late 1952 new elements were entering the picture. The military front was fairly stabilized and the possibility of an armistice not too remote. Rehabilita-

tion projects, as distinct from relief projects, took on added importance. United States funds (CRIK) were restricted to "emergency relief" and could not be used for reconstruction. Hence UNKRA's activities were stepped up. Meanwhile, the ROK efforts to build up its military forces further unbalanced its budget and stimulated more inflationary pressures.

These factors led President Eisenhower to send a special representative to Korea, Dr. Henry J. Tasca, FOA mission chief in Rome, to investigate ways and means of strengthening the Korean economy in the light of the security objectives of the United States and the United Nations. Late in June 1953, Dr. Tasca made his report in which he recommended a completely integrated program for relief, rehabilitation, and defense support of Korea. Relief operations of KCAC would continue, the operations of UNKRA would be accelerated, and both of them would take on additional projects to provide the necessary support to the ROK forces. To carry out the necessary coordination the President appointed Mr. C. Tyler Wood the Economic Coordinator for Korea. Mr. Wood assumed his duties last August.

On the fiscal side the Tasca report called for approximately \$1 billion to be spent over a 4-year period. This sum would supplement and be closely coordinated with other funds available from ROK foreign exchange, UNKRA programs, various types of United States Army assistance, and private contributions. For the current fiscal year the integrated program would derive from these sources \$628 million. It was admitted to the study mission that this is an optimistic program and that one in the order of \$520 million is more realistic.

The \$200 million made available out of Department of Defense savings as a result of the armistice is now being expended through FOA as part of the current program.

(a) *Importance of and need for the program.*—Since the Korean armistice the Communists have shifted their strategy against the Republic of Korea from a military campaign to economic and political pressure. The economic reconstruction of the Republic of Korea has accordingly assumed tremendous immediate importance, an importance which has taken on new significance and urgency in view of the extraordinary relief and rehabilitation efforts of the U. S. S. R. and Communist China in North Korea. This reconstruction of the Republic of Korea must be undertaken in the face of very great economic and political obstacles, and quick or easy success from our efforts cannot be expected.

The South Korean economy is basically agricultural, with about 75 percent of its 22 million population engaged in rice-farming and related activities. Division at the 38th parallel in 1945 cut off South Korea's light industry and rice production from North Korea's hydro-electric power, fertilizer, lumber, minerals, and heavy industry. The repatriation of Japanese administrators and technicians increased the difficulties of administering the Government and managing industry. The Communist invasion in June 1950 turned South Korea into a battlefield with resulting large-scale destruction of its industry, public utilities, Government buildings, housing and crops, and displaced about one-fourth of its population.

Although active hostilities have ceased, the Republic of Korea is still burdened with a defense effort which far exceeds its economic capabilities. Outside sources must therefore continue to support a major portion of the country's current defense requirements. Estimated United States-United Nations economic assistance in fiscal year 1954, exclusive of military end items, represents somewhat more than 20 percent of Korea's own gross national product.

The long-range objective of the integrated United States-United Nations program in Korea is to develop a viable economy which will make it possible to (a) achieve a standard of living approximating that of 1949-50, and (b) support a military force adequate for the defense of Korea.

In support of this objective the program is directed toward helping the Korean Government to—

(i) Raise the standard of living to the minimum level required for adequate working efficiency.

(ii) Counteract inflationary pressures arising from the defense effort and the development program.

(iii) Develop, through training, the skilled manpower required for increased effectiveness of Government administration and for restoration and expansion of production.

(iv) Increase production at a pace consistent with financial stability, ability to organize, and availability of trained manpower—with primary emphasis on (1) restoration of agricultural production, (2) rehabilitation of manufacturing plants and mines, particularly coal, and (3) rehabilitation and expansion of the electric power system.

(v) Develop the transportation system to the minimum level required for movement of imports and domestically produced civilian and military goods.

(vi) Give the Korean people confidence in their own future and in the future of their country.

The Economic Coordinator, referred to above, is responsible for insuring that the total program financed from whatever source, is integrated, sound and represents no duplication in procurement effort. Specifically, he coordinates the FOA and UNKRA programs and the relief activities of the United States Army (Korean Civil Assistance Command—KCAC). The program is carried forward under the following general administrative arrangements: (1) The Unified Command in Washington is responsible for overall direction, establishment of fiscal and economic policies; (2) the Department of the Army through the Civilian Relief in Korea (CRIK) program, and the Korean Civil Assistance Command (KCAC) is currently responsible for programing the general area of health, relief and welfare, public works, agriculture, transportation, power, and communications; (3) the United Nations Korean Reconstruction Agency (UNKRA) is responsible for education, housing, fisheries, irrigation, forestry, flood control, industry and mining; (4) the Department of the Army is responsible for the Armed Forces Assistance to Korea (AFAK) program and for direct military support to the ROK Army; (5) voluntary agencies and U. N. agencies make contributions to Korea; and (6) the Republic of Korea contributes through the use of its own foreign exchange funds for essential imports and the provision of its governmental facilities.

The Republic of Korea's military expenditures currently represent 70 percent of its budget and thus impose limits on its ability to contribute financially to the support of economic development activities. Nevertheless the ROK has undertaken to deposit local currency counterpart funds equivalent to the dollar landed cost of goods and services provided under the FOA program. The equivalent of \$7,700,000 has already been deposited in the counterpart account and is available to finance the hwan costs of the technical assistance and investment programs.

(b) *Economic assistance to Korea, fiscal years 1945-54.*—Since the surrender of Japanese forces in August 1945, the United States has assisted the economy of Korea to the amount of more than \$1 billion.

This is exclusive of direct costs of the United States war effort in Korea and United States support to the ROK Army. The following summary of economic assistance was supplied the committee by FOA.

[In millions]

STATUS OF APPROPRIATIONS AS OF MAR. 31, 1954

(1) Appropriated-----	¹ \$1,244.1
(2) Transferred or lapsed-----	² —56.7
(3) Net appropriation availability-----	1,187.4
(4) Obligated and expended through March 31, 1954-----	\$899.9
(5) Obligated but not yet expended through March 31, 1954--	³ 108.1
(6) Total obligations through March 31, 1954 (line 4 plus line 5)-----	1,008.0
(7) Unobligated balance April 1, 1954 (line 3 less line 6)-----	179.4
(8) Unexpended balance April 1, 1954 (line 3 less line 4)-----	287.5

PROPOSED USE OF UNOBLIGATED BALANCE

(9) To cover obligations which will be incurred by U. S. Government from April 1 to June 30, 1954-----	⁴ 168.7
(10) Anticipated unobligated balance on July 1, 1954, to be used to reduce fiscal year 1955 request-----	⁵ 10.7
(11) Total unobligated balance April 1, 1954 (line 7)-----	179.4

PROPOSED USE OF UNEXPENDED BALANCE

(12) To liquidate unpaid obligations incurred prior to April 1, 1954 (line 5)-----	⁶ 108.1
(13) To liquidate obligations to be incurred from April 1 to June 30, 1954 (line 9)-----	⁴ 168.7
(14) To be used to reduce fiscal year 1955 request (line 10)-----	⁵ 10.7
(15) Total unexpended balance April 1, 1954 (line 8)-----	287.5

¹ Includes appropriations for government and relief in occupied areas, economic assistance, civilian relief, relief and rehabilitation, contribution to UNKRA, and portions of military appropriations used for civilian relief.

² Reflects lapsed portion of appropriation for economic assistance and comparative transfer for fiscal year 1954 relief and rehabilitation administrative expenses.

³ Includes following amounts:

Total obligated but not yet expended through Mar. 31, 1954-----	\$108.1
Civilian relief supplies (CRIK)-----	31.0
Relief and rehabilitation-----	77.1
Food, feed, and fertilizer-----	(11.3)
Fuel-----	(10.5)
Raw materials and semifinished products-----	(34.8)
Machinery and vehicles-----	(16.0)
Other-----	(4.5)

⁴ Includes following amounts:

Total unobligated balance Apr. 1, 1954, to be used to cover obligations which will be incurred from Apr. 1 to June 30, 1954-----	\$168.7
Civilian relief supplies (CRIK)-----	35.8
Relief and rehabilitation-----	107.9
Food, feed, and fertilizer-----	(17.9)
Fuel-----	—
Raw materials and semifinished products-----	(0.9)
Machinery and vehicles-----	(82.1)
Other-----	(7.0)
Contribution to UNKRA-----	15.0
Emergency food relief-----	10.0

Amounts for relief and rehabilitation include approximately \$30 million for powerplant construction and approximately \$23 million for a fertilizer plant.

⁵ Requested to be reappropriated and applied to the fiscal year 1955 contribution to UNKRA.

The committee recommends an authorization of \$230 million for the United States program in Korea for the fiscal year 1955. The composition of this program has been influenced, in large measure, by the anticipated increase in inflationary pressures. In order to maintain economic stability, which is basic to progress toward other objectives, provision is made in fiscal year 1955 for increasing the proportion of funds reserved for the financing of commodities to be imported for sale in the local market. In addition to siphoning off purchasing power through domestic sale of FOA-financed imports, the proposed program further reduces the inflation potential by cutting the planned investment component from about \$100 million in fiscal year 1954 to about \$70 million in fiscal year 1955. ROK efforts to increase tax revenues, reduce nonessential governmental expenditures and control credit will supplement these program measures to curb inflation.

In view of the current increase in ROK military expenditures, however, it is probable that stabilization measures possible within the present scope of the relief and rehabilitation program will not be sufficient to close the inflationary gap. It may therefore be necessary to increase direct United States support to the ROK Army.

Although reduced in amount and necessarily limited by considerations related to economic stability, the fiscal year 1955 program continues activities designed to increase production in the important sectors of the economy. After inflationary forces have been brought under control, however, such investment-type activities will have to be substantially increased if the program is to achieve its primary objective of strengthening the Korean economy to the point where it can support an adequate military force and still afford tolerable living standards for its people.

During fiscal year 1955 primary emphasis will be placed on—

(i) Increased agricultural production through irrigation construction, fisheries rehabilitation, increased fertilizer imports, and agricultural extension activities.

(ii) Continued rehabilitation of destroyed textile mills and new plant construction to produce such items as cement, paper, and fertilizer, which must now be imported. Coal and metal mine development will be stressed in order to decrease imports of coal and increase exports of valuable minerals, such as tungsten, which currently is a major contributor to the country's foreign exchange earnings.

(iii) Continued rehabilitation and expansion of existing power facilities needed to provide firm power capacity for expanding industrial production, including fertilizer.

The fiscal year 1955 program also provides for the continuation of present plans for rehabilitating and constructing transportation facilities important to the Army and the civilian economy. Funds are programed for rehabilitation of the rail system, including the construction of spurs and vital links now missing. Some funds also are provided for port and harbor rehabilitation, the purchase of adequate coastwise cargo vessels, and the repair of main highway bridges.

The technical cooperation aspects of the program are directly related to the objectives of improving Government administration, increasing production, and raising the caliber of the Armed Forces. As proposed, technical cooperation will be expanded in the fields of agriculture,

public health, education, power, transportation, communications, public works, industry, mining, and several aspects of public administration, including fiscal management and procurement. Some technical guidance will be directly provided by United States-United Nations staff members. To the extent feasible, however, such aid will be provided through contracts with private engineering and management firms, land-grant colleges, and foundations.

Although production increases in both agriculture and industry and progress made in the resettlement program have lowered relief needs, some funds will still be required to prevent disease and unrest that would interfere with military effectiveness and political stability. The direct relief component, however, has been reduced from \$31.5 million in fiscal year 1954 to \$22 million in fiscal year 1955.

(c) *UNKRA*.—The United States has pledged \$162.5 million (65 percent) of the \$250 million program undertaken by the United Nations Korean Reconstruction Agency (UNKRA). The following table, submitted to the committee, shows the status of pledges and payments as of April 30, 1954:

[Expressed in terms of United States dollars]

Country	Pledge	Total received	Balance outstanding
Argentina.....	\$500,000	\$500,000	
Australia.....	4,002,710	2,450,733	\$1,551,977
Belgium.....	200,000	200,000	
Burma.....	49,934	49,934	
Canada.....	6,904,762	6,904,762	
Chile.....	250,000		250,000
Denmark.....	860,000	289,555	570,445
Dominican Republic.....	10,000		10,000
Egypt.....	28,716		28,716
El Salvador.....	500	500	
Ethiopia.....	40,000	40,000	
France.....	142,857	142,857	
Greece.....	9,333	9,333	
Honduras.....	2,500	2,500	
Indonesia.....	100,000	100,000	
Israel.....	33,600	33,600	
Lebanon.....	50,000	50,000	
Liberia.....	15,000	15,000	
Luxembourg.....	40,000	40,000	
Netherlands.....	526,316	526,316	
New Zealand.....	557,900	274,989	282,911
Norway.....	1,725,323	1,725,323	
Panama.....	3,000		3,000
Paraguay.....	10,000	10,000	
Saudi Arabia.....	20,000	20,000	
Sweden.....	966,518	322,237	644,281
United Kingdom of Great Britain and Northern Ireland.....	28,000,000	16,940,000	11,060,000
United States of America.....	162,500,000	65,750,000	96,750,000
Venezuela.....	70,000	70,000	
Total.....	207,618,969	96,467,639	111,151,330
Nonmember states:			
Austria.....	162,936	162,936	
Italy.....	1,253,333	1,253,333	
Monaco.....	286	286	
Switzerland.....	23,256	23,256	
Viet-Nam.....	10,000	10,000	
Total.....	1,449,811	1,449,811	
Grand total.....	209,068,780	97,917,450	111,151,330

Thus, the United States has contributed \$65,750,000 compared with \$31,167,450 contributed by the other 33 governments.

The proposed UNKRA program calls for the obligation of \$45 million in fiscal year 1954 and \$50 million in fiscal year 1955. To

enable the United States to contribute to the latter program in accordance with the agreed percentage formula (65 percent of total country contributions), there is requested: (1) Authority to carry over and to utilize in fiscal year 1955 the anticipated unobligated balance of the fiscal year 1954 appropriation, which balance is presently estimated as being \$10.7 million; and (2) authorization and appropriation of \$11.3 million in additional new obligational authority. Affirmative congressional action on this request will result in the availability of \$22 million for a United States contribution to UNKRA in fiscal year 1955.

(d) *Transfer of vessels to Korea.*—The vessels that the President is authorized to transfer, either by sale or charter, to the Republic of Korea are 8 CI-M-AVI's, averaging about 3,800 tons each. Under the Merchant Ship Sales Act of 1946 each has a statutory sales price of \$693,862. Funds made available pursuant to section 132 (a) are available for this transfer.

It is planned that 5 of these vessels will be procured by Korea during fiscal year 1955; the remaining 3 will be procured in fiscal year 1956. It is anticipated that they will be made available by the Maritime Administration, Department of Commerce, from United States-owned vessels now in the reserve fleet, which includes about 57 such vessels. At the present time these vessels in the reserve fleet do not meet the minimum standards of the American Bureau of Shipping and repairs will be needed to bring them up to this standard.

The destruction of inland transportation in Korea as a consequence of the war places a heavier burden on its limited coastal shipping. These vessels will replace unseaworthy and obsolete vessels now in the Korean coastal fleet.

3. *Terms of assistance (sec. 133)*

This section authorizes the furnishing of assistance for the defense support program on a grant or loan basis and on such other terms as would best achieve the purposes of this bill.

D. CHAPTER 4—GENERAL PROVISIONS RELATING TO MUTUAL DEFENSE ASSISTANCE

1. *Conditions of eligibility for assistance (sec. 141)*

This section provides that no country or organization shall receive assistance under title I unless the President finds that furnishing such assistance will strengthen the security of the United States and promote world peace. Assistance can be given to nations under this title only on condition that they shall have agreed to the conditions set forth in section 142. The phrase "shall have agreed" is used to make clear that nations which have already agreed to certain of these conditions need not enter into new agreements to replace them. Only conditions not previously agreed to must be met before assistance is given under this title.

2. *Agreements (sec. 142)*

This section enumerates 11 points to which nations receiving assistance under title I must have agreed. These conditions are taken from the various acts repealed by this bill and are intended to make sure that United States aid will be effectively used and that the recipient

country is in agreement with the United States as to the objectives of their mutual defense effort.

Paragraph (11) contains the requirements for deposit of foreign currencies (counterpart). They apply only to grant assistance provided under authority of this bill except chapter 1 of Title I. Whenever a commodity is furnished on a grant basis to a nation with the result that proceeds accrue to such nation (ordinarily as a result of selling the commodity), the nation must deposit an amount of its own currency equal to such proceeds in a special account. No deposits are required for any proceeds accruing from services.

Of the funds so deposited, not less than 10 percent must be allocated to the United States for use by the United States, under section 1415 of the Supplemental Appropriation Act, 1953 (Public Law 547, 82d Cong.), and section 1313 of the Supplemental Appropriation Act, 1954 (Public Law 207, 83d Cong.). Such currencies can only be used by the United States if they are purchased from the United States Treasury with appropriated funds. Exception is made to this requirement in the case of foreign currencies supplied to committees of the Congress under subsection (b) of section 502 of this bill.

The remaining portion of the special account (90 percent) is to be used for programs agreed to by the depositing country and the United States. The uses agreed to must carry out purposes for which new funds authorized by this act would themselves be available.

After the termination of assistance to any such nation, any unencumbered balance remaining in the special account deposited as the result of assistance furnished after this bill becomes effective is to be disposed of only by act of Congress. This is a change from previous law which made such unencumbered balances subject to agreement by the country and congressional action.

II. TITLE II—DEVELOPMENT ASSISTANCE

The bill authorizes \$224 million for this purpose. In fiscal 1954 there was appropriated \$222 million for similar although not strictly comparable programs.

A. AUTHORIZATION (SEC. 201)

A detailed breakdown of this total by areas is as follows:

Near East and Africa.....	\$130, 000, 000
South Asia.....	85, 000, 000
American Republics.....	9, 000, 000

Development assistance is made available in order to make possible or to accelerate projects or activities which basic United States interest requires to be undertaken and which, in the absence of such additional assistance, would not be undertaken or, if undertaken, would not be carried out at the rate required by United States foreign policy.

Development assistance is immediately directed toward goals which are not primarily military in character, whereas assistance under title I has as its first aim, and controlling justification, the attainment of military objectives.

In many key countries of the Near East and South Asia, United States interests require the acceleration of economic development or the solution of other urgent economic problems. The United States, through technical cooperation, is providing the necessary ingredient of technical skills and know-how which in the long range will make most effective use of available resources. Development assistance is required, however, to solve specific and immediate economic problems which are beyond the physical and financial capacity of the countries themselves, either through use of their own resources, or through borrowing from existing public or private lending institutions.

Despite the existence of a few areas of tranquility and relative prosperity, the region is generally characterized by partially or almost wholly undeveloped agricultural land and mineral resources, much of it remote from the normal interchange of commerce because of lack of adequate means of transport. The land is there—but in much of the area it is arid and needs dams and irrigation ditches to make it productive. Important mineral resources are there—but means must be found to make these vital resources available to the free world at reasonable cost.

Private investment and enterprise must ultimately be relied on for most of the future development of the region. Today, however, the potential investor is often confronted with a lack of basic transport and other facilities which he is frequently unwilling or unable to supply. Banking institutions, confronted with high costs, weak economies, and sometimes weaker governments, are disinclined to finance important components of a sound economic foundation, such as irrigation and roads, on which national strength must rest.

Through development assistance, countries will be benefited only as they are willing to mobilize their own resources to help themselves. Emphasis will generally be placed on activities and projects which will help the countries concerned to finance the major part of their development programs through borrowing and private investment.

1. Near East and Africa

Of the total proposed for development assistance, it is presently anticipated that a substantial portion should be utilized for the implementation or initiation of development projects in the Arab States in fiscal year 1955, primarily in Jordan, Syria, Lebanon, and Egypt. Some portion of the total may, however, be used to provide aid for development in other Arab States or other countries in the area, such as Libya. For example, during the current fiscal year, \$3,350,000 of development assistance has been authorized for Saudi Arabia but not yet extended, because its Government has not signed the required bilateral agreement. For this reason, among others, no development assistance was indicated for Saudi Arabia in the fiscal year 1955 illustrative breakdown of program presented to the committee, but the possibility does exist that a relatively minor amount of this type of assistance might become necessary and desirable.

The state of Israel, struggling to build a secure foundation for its continued independence, has also had to deal with the mass immigration of several hundred thousand refugees from all over the world. American and other free-world Jewry have made significant contributions in this process. A loan of \$135 million has been made by the Export-Import Bank. In addition, large grants of assistance have been furnished under the Mutual Security Program. The Israeli Government has taken extraordinary measures in recent months to put its economy on an orderly basis. These measures, plus a substantial increase in exports and the realization of German reparations payments, has brightened the economic outlook considerably, but not to a degree where further development assistance is no longer necessary.

Funds for development assistance will be used to assist Israel to find homes and useful work for its people and to provide for modest capital development necessary for these and similar vital objectives.

2. India

The development assistance component of the fiscal year 1955, \$85,000,000, program will continue the fiscal year 1954 program with emphasis on nonagricultural development, including industry, transport (railroad rehabilitation), and some essential electric power for economic expansion at crucial points.

The Government of India has undertaken the construction of a dam on the Rihand River in the State of Uttar Pradesh as a part of its \$1.4 billion program to increase the area of irrigated land, reduce flood danger, and provide electric power for ground water irrigation pumps and the establishment of small industries. Some of the foreign exchange costs for this and other similar projects will be covered with development assistance funds in the amount of \$10.5 million. For malaria control in fiscal year 1955 it is proposed to use approximately \$3.5 million to provide additional DDT, pumps,

sprayers, and transport. This will increase the number of people protected substantially.

India's inadequate transport facilities constitute a serious bottleneck to development. Irregular deliveries often result in industrial shutdowns which in turn cause high costs and unemployment. The inadequacy of transport limits the ability of India to export bulk commodities such as coal, iron ore, and manganese. \$10 million is presently programed for continued assistance in the replacement and rehabilitation of Indian rolling stock during fiscal year 1955.

Equipment valued at \$5 million for transmission and distribution of electric power in the States of Madras and Travancore-Cochin is to be supplied in connection with hydroelectric projects being put into operation by these states.

Approximately 80,000 tons of steel at a cost of \$12 million to be imported under the 1955 program will be of substantial benefit not only to agriculture but also to industry. It will maintain the output of agricultural implements and permit numerous small industrial establishments to continue in operation; these would otherwise be forced to shut down for lack of steel.

Another major phase of India's industrial development for which assistance has been requested is the proposed expansion of the Sindri fertilizer plant. This plant will increase India's industrial output and contribute to the increase of farm production by providing a permanent domestic source of fertilizer. An amount of \$4 million of development assistance is presently programed for assistance to this plant during fiscal year 1955.

United States surplus agricultural commodities in the amount of approximately \$40 million will be provided under the fiscal year 1955 program. The rupee proceeds of the sale of these commodities will be used to expand internally financed development programs.

3. Bolivia

Bolivia is the only Latin American country to which it is presently planned to provide development assistance.

The purpose of the program is to assist Bolivia in meeting its minimum essential food requirements and apart from the alleviation of an emergency, to enable Bolivia to make some initial progress in agricultural diversification so that dependence on tin earnings may be lessened. Since the Bolivian plan for agricultural diversification and economic expansion cannot be expected to begin to show appreciable results before the end of calendar year 1955, and Bolivia's income from minerals exports is expected to be even less than in 1953, further aid in the amount of \$9 million is proposed for fiscal year 1955. This will be used primarily for foodstuffs and also for the purchase of a limited amount of agricultural and industrial equipment and supplies required for the diversification program.

4. Loan requirement

This section requires that not less than 50 percent of the assistance furnished to each geographical area designated in this section shall be furnished on a loan basis, except for assistance furnished with unexpended balances carried over under this section. The terms of the loans will be governed by the provisions of section 505 of the bill.

This provision was included in recognition of the President's message to Congress on foreign economic policy on March 30, 1954. This message included the following:

I subscribe, therefore, to the principle that economic aid on a grant basis should be terminated as soon as possible, consistent with our national interest. In cases where support is needed to establish and equip military forces of other governments in the interest of our mutual defense, and where this is beyond the economic capacity of another country, our aid should be in the form of grants. As recognized by the Commission, there may be some cases in which modest amounts of grant aid to underdeveloped countries will importantly serve the interest of security. I further agree that in other situations where the interest of the United States requires that dollars not otherwise available to a country should be provided, such support to the maximum extent appropriate should be in the form of loans rather than grants.

The importance of a loan policy to the United States was expressed by the Honorable John M. Vorys in a statement submitted to the Committee on Foreign Affairs, as follows:

A Nation such as ours, with constantly diminishing natural resources, should make loans, not gifts, from these resources wherever this is possible. We do not need to be repaid next year, or the year after. We can wait for a number of years, when we will be importing an increasing amount of scarce materials. We can defer payment on our loans, if necessary, to make other loans more "bankable," as many individuals and companies did here in our country during the depression—and were finally repaid. But a Nation with 6 percent of the world's resources, half the production, and double the debt of the rest of the world, should be making more loans, and fewer gifts.

Those who oppose all aid and those who want nothing but gifts join in saying that aid loans are substantially gifts anyway, and cause bad feelings. Experience shows that both groups are wrong in these arguments.

This committee has required a whole series of loans in aid bills. All of them were opposed by the executive branch. None of the loans were ever turned down by the other countries involved. None of these loans have been defaulted. None of them have caused hard feelings. Here is the record:

Loans required under ECA, MSA and India wheat loan

Original ECA Act (Public Law 472, 80th Cong.).....	\$1, 000, 000, 000
India Emergency Food Act of 1951 (Public Law 48, 82d Cong.)..	190, 000, 000
Mutual Security Act of 1951 (Public Law 165, 82d Cong.) (10 percent of ECA assistance).....	335, 547, 000
Total.....	1, 525, 547, 000

Collections on these loans as of Dec. 31, 1953

Principal, European ECA.....	\$167, 000
Interest, European ECA.....	42, 755, 000
Interest, Indian wheat.....	7, 027, 000
Total.....	49, 949, 000

As a matter of fact, since World War II, the United States has extended to foreign nations credits of \$11,504 million. During this same postwar period the United States has collected from foreign nations \$2,667,844,000 as repayment of principal and \$1,059,375,000 in interest, a total of \$3,727,219,000.

B. ADMINISTRATION (SEC. 202)

This section provides that unless necessary to make exceptions to carry out the purposes of the development assistance program, it shall be administered in accordance with the procedures and policies which govern the technical cooperation program.

III. TITLE III—TECHNICAL COOPERATION

In his message to the Congress of March 30, 1954, transmitting the recommendations of the Commission on Foreign Economic Policy (the Randall Commission), President Eisenhower made this statement:

I approve the recommendations of the Commission on Foreign Economic Policy that the United States participation in technical cooperation programs should be pressed forward vigorously. Such programs should concentrate on providing experts and know-how rather than large funds or shipments of goods except for necessary demonstration equipment. They should not provide capital for investment but should be so administered as to fit into the programs of development of the assisted countries and they should be related to any private or public investment likely to be forthcoming.

Review of the requirements for the Mutual Security Program has been conducted with these principles in mind and substantial reductions in grant aid have been made by this administration * * *.

The President reaffirmed this view of technical cooperation in his message to Congress of June 23, 1954, when he declared:

Our country's participation in technical cooperation programs must be vigorously advanced. Certain fundamentals are essential to their success. First, they should provide experts and know-how rather than large amounts of funds or goods, although they should not be allowed to fail due to lack of necessary teaching and demonstration equipment. Second, they should be tightly adjusted to the needs of the host countries. Third, they should be so administered as to reach as many people as possible, helping them raise their own standards of living and solve their own problems. Technical cooperation programs now before the Congress are based on these fundamentals. These programs are our most effective counter-measure to Soviet propaganda and the best method by which to create the political and social stability essential to lasting peace.

This bill reflects that philosophy.

The Act for International Development was approved in June 1950. When that measure was presented to the Congress, the experience of our Government in such programs was limited both as to content and as to geographical scope. Understandably the many problems attendant upon their worldwide extension were not fully comprehended nor could many of them be foreseen.

The technical cooperation program has undergone a "shakedown cruise" during the 4 years of its life. There have been some false starts, misdirected emphasis, and wasted motion. Yet each of these has, in a measure, contributed to a clearer understanding of what the program involved.

Since the beginning of the program two tendencies have developed—a shift toward a commodity program and a multiplicity of activities in many fields. Both have been the subject of increased congressional attention.

The first Administrator of the Technical Cooperation Administration, the late Dr. Henry G. Bennett, viewed the program this way:

The idea is to send in a minimum number of people, with tools and limited amounts of supplies, so they may show the people by doing, and guide and instruct their doing * * *. It is believed that the benefits of the pilot projects, and projects which the governments themselves have been stimulated to undertake

in the next year or two, will result in improved earnings of the governments so that, to a maximum extent, the large-scale projects may be financed from loans, either public or private * * *

The truth is that the whole program is in the main a training program. The big need in every underdeveloped area is for a reliable, trained, local leadership, and consequently we are seeking as best we can to encourage this type of training.

As early as 1952 the committee and the Congress noted that the ratio of expenditures between "people"—United States technicians and local trainees—and supplies was widening. More money was going into the latter component. In some countries, notably India, Pakistan, and Iran, it was increasingly difficult to distinguish between technical cooperation and technical development or outright economic assistance.

The broad language of the law and the elastic interpretation given it encouraged the multiplication of demonstration projects. Advice for a water-purification system, for example, could be supplied by mobile technicians and the training of local personnel. But the equipment to improve the water system had to be imported. A single unit in a single country would not serve the whole country. Thus, in 1952, \$1,200,000 was spent to improve the water sources in Iran.

At the same time basic categories, such as agriculture and health and sanitation, encompassed an array of activities not contemplated by the Congress. Technical cooperation in agriculture became a generic term that included investment in herds in the name of livestock breeding, budgetary assistance to agriculture colleges, irrigation systems, tractor and fertilizer imports, tube-well construction, and fertilizer imports. Under health and sanitation large quantities of DDT, spraying equipment, drugs, medicines, laboratory equipment, mobile health units, and equipment for medical schools were sent abroad as part of the technical cooperation program. These programs which started on a modest scale of demonstration and teaching tended to expand to embrace large scale commodity imports.

In the last 2 years the administrators of the program have attempted to distinguish between technical cooperation and special economic assistance or, as it is currently termed, development assistance. Even this venture into semantics has not resolved the problem of what is involved in technical cooperation. The fiscal year 1955 India program presented to the committee for technical cooperation, as distinguished from development assistance, devotes 74 percent to supplies and equipment. For Lebanon 64 percent and for Pakistan 62 percent are earmarked for the same purpose. On the other hand, the committee is pleased to note that for Israel and Liberia less than 20 percent of the funds are planned for supplies.

By the very nature of the program personnel has always been, and should always be, the heart of technical cooperation. Any marked departure from this principle undermines the basic philosophy upon which the program was founded. Personnel goals have been marked by undue optimism. There are factors beyond the control of the Administrator that explain part of the short fall. In other cases, however, it has been due to administrative deficiencies. Regardless of the cause, the committee is determined that the program hew to the line originally laid down. Translated into operational terms, it means that funds made available for technical cooperation should be devoted to sending our technicians abroad and to training local peoples to carry forward the programs which we and they work out within the

framework of the various programs. It is recognized, however, that these technicians cannot be effective unless they have available materials, such as spraying equipment, laboratory supplies, seeds, agricultural implements, and the like, for instruction and demonstration of new techniques. In the last analysis, it is only through the training of local citizens that an economically underdeveloped country can move forward. The United States cannot assume in perpetuity the burden of carrying out extensive technical programs over the world.

Under the present administrative arrangements there is no one individual responsible solely for guiding and focusing attention upon technical cooperation. It is now part of an agency that has other responsibilities involving more costly operations. Technical cooperation tends to be a stepchild. Of all the parts of the program encompassed in this bill, this is the one that has the longest range possibilities. Nowhere in the present administrative organization is the technical cooperation program brought into focus as a program. It is handled only on an area basis. The committee believes that what is needed is a single individual to concern himself with the total program and who will give it the stature and emphasis it merits as part of our foreign policy. Such an individual should be directly under the officer to whom the President entrusts the administration of the nonmilitary functions authorized in this bill.

The adoption of the language in this title is not intended to eliminate agreements with foreign governments under which technical cooperation programs are presently operating nor to require their renegotiation. It is expected that appropriate agreements will be entered into when the technical cooperation program is extended to any additional country.

A. GENERAL AUTHORITY AND DEFINITION (SEC. 301)

The first sentence of this section states more clearly and simply than existing law the purpose of United States technical cooperation programs. It is the expectation of the committee that this clarification and simplification of objectives will focus the attention of the program's Administrator upon the essentials and result in the elimination of marginal activities that dissipate the limited resources available for this purpose.

The definition of technical cooperation programs has been changed slightly but significantly. In the original law a range of activities that were illustrative of the purpose of the law were included, but it was stated that such activities "need not be limited to" those enumerated. The committee regarded this as the proverbial camel's head under the tent. It deleted this language and inserted language that will confine the program only to those set out in this section. This alteration in language will discourage ventures into peripheral fields of endeavor that, however useful they may be to the recipient country, do not offer as convincing a demonstration of the benefits to be derived from technical cooperation as do those devoted to basic projects in agriculture, health, and education.

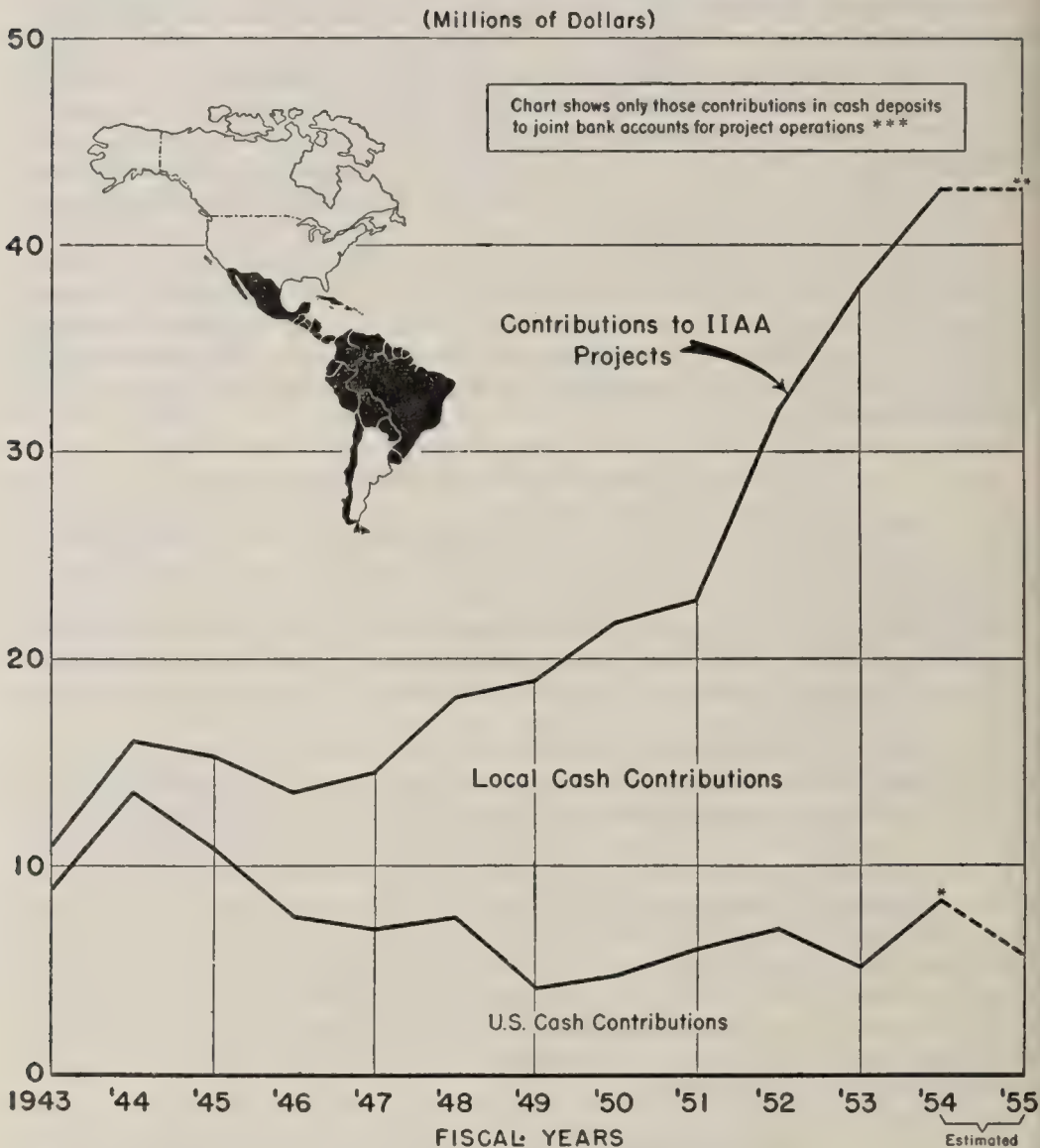
B. PREREQUISITES TO ASSISTANCE (SEC. 302)

This section confers upon the President the duty of determining that a nation receiving assistance under this title of the bill pay a

fair share of the program's cost and cooperate in other ways to achieve the objectives of the program.

When this section of the bill was under discussion, the committee made inquiry as to the degree to which recipient nations have been contributing to the program. The following chart indicates the increased contributions made by the Latin American countries to the bilateral technical cooperation programs.

THE LATIN AMERICAN REPUBLICS HAVE STEADILY INCREASED THEIR SHARE OF PROJECT COSTS AS THE PROGRAMS MATURE



* Includes 1.9 millions for emergency food relief in Bolivia.

** It is estimated that local cash contributions will remain the same or increase.

*** Estimated other contributions in direct support of the program will total for FY 1954: \$16.1 million by U.S.; \$12.6 million by Latin America.

Total contributions: \$24.3 million by U.S.; \$55.2 million by Latin America.
(See Presentation Book, pages 447-8 for full explanation)

Other countries are increasing their contributions in proportion to their capacity. Pakistan is matching United States dollars with the equivalent in its currency. India has exceeded the amount of United States aid, while other countries have been able to contribute little or nothing. The committee regards these prerequisites as essential to the idea of cooperation and expects that those administering the program will apply this provision to the maximum extent possible.

This title is based upon the substantive provisions of the Act for International Development. The administrative provisions of that act have been transferred to title V of this bill. Substantive provisions of that act providing authorities to the President for carrying out bilateral technical cooperation programs and for providing for joint commissions on economic development have been deleted for the reason that the authorities they provide are implicit without the necessity of including these specific provisions.

C. AUTHORIZATION (SEC. 303)

The appropriation for technical cooperation for fiscal year 1954 was \$107,412,501. The sum the committee recommends for next year is \$112,070,000. This figure is the sum of the three area figures submitted by the executive branch. Unlike previous authorizations for this activity, the authorization request this year is carried as a single item rather than on a geographic basis. Experience has shown that area authorizations deny the most effective use of the funds. The committee believes that a lump-sum authorization will give the administrator the necessary flexibility to move forward wherever the requisite conditions permit rather than immobilize funds in one area and be short of funds in another.

In the light of all the evidence made available to the committee as well as independent studies made by the committee members in various study missions abroad this authorization represents about the maximum that can be expected to be recommended in the foreseeable future. It recommends that those administering this program accept this forecast and make their plans accordingly.

The Special Study Mission to Southeast Asia and the Pacific, after visits to more than a dozen countries last fall, made this recommendation:

Technical assistance programs and projects should be curtailed in number and in scope. A smaller number of better projects do more good than a larger number of poorer projects.

D. LIMITATION ON USE OF FUNDS (SEC. 304)

This section was inserted by the committee only after exhaustive hearings and studies of the technical cooperation program. It has a single and clear purpose—to assure that funds spent under this title will be devoted to the “interchange of technical knowledge and skills” and not be a thin disguise for a commodity program. Instructional equipment may include such items as posters and other visual aid materials. Demonstration equipment is not construed to mean equipment that in effect represents capital investment. Should the program call for tubewell construction, for example, the committee’s position is that a few in each province or district needing irrigation

constitutes an adequate number. Any additional units that may be desired should not be provided as part of the technical cooperation program.

E. MULTILATERAL TECHNICAL COOPERATION (SEC. 305)

This section carries two authorizations for multilateral technical cooperation. \$17,958,000 is for the United Nations Expanded Program of Technical Assistance (UNTA) and \$1,500,000 is for the technical cooperation program of the Organization of American States (OAS).

For fiscal year 1954 the Congress appropriated \$9,500,000 for these 2 activities, of which \$8,500,000 was for the United Nations program and \$1 million for the OAS program.

Of the amount requested for UNTA, \$9,957,621 is needed to fulfill the United States pledge for calendar year 1954, and \$8 million is requested for the first half of calendar year 1955. At the Technical Assistance Conference in November 1953 the United States pledged subject to congressional approval \$13,861,809 for calendar year 1954. Of this amount \$3,904,188 had been appropriated for fiscal year 1954 leaving a balance of \$9,957,621 to be requested for fiscal year 1955.

The following table shows United States appropriations, United States pledges toward the UNTA calendar year programs and the fiscal year funds from which these pledges are paid:

	Fiscal year 1952	Fiscal year 1953	Fiscal year 1954	Proposed fiscal year 1955
Appropriation.....	\$12,000,000	\$8,171,333	\$8,500,000	\$17,957,621
	Calendar year 1952	Calendar year 1953	Proposed calendar year 1954	Estimated calendar year 1955
United States pledge.....	\$11,400,000	\$12,767,145	\$13,861,809	\$16,000,000
Fiscal year 1952 funds.....	11,400,000			
Fiscal year 1953 funds.....		8,171,333		
Fiscal year 1954 funds.....		4,595,812	3,904,188	
Fiscal year 1955 funds.....			9,957,621	¹ 8,000,000

¹ Balance to be requested in fiscal year 1956.

The above table shows that the amount requested for fiscal year 1955 is substantially double the amount appropriated for fiscal years 1953 or 1954. This is due to three reasons: (a) It was necessary to use over half (\$4,595,812) of the fiscal year 1954 appropriation to pay the balance of the United States pledge for calendar year 1953. (b) The United States pledge for calendar year 1954, part (\$9,957,621) of which must be paid from this fiscal year 1955 appropriation, is larger (\$13,861,809) than the pledges for calendar year 1952 (\$11,400,000) or calendar year 1953 (\$12,767,145). The larger United States pledge is in accord with the increased support already pledged by other governments. (c) The proposal for fiscal year 1955 would put the appropriation on a United States fiscal year basis and provide funds in advance for the first half of the U. N. program for the next calendar year. This proposal is particularly advantageous in that it is desirable for effective program planning and operation that the United States as

a major contributor, be able to make a contribution to the calendar year 1955 program during the first 6 months of its operation. It is also desirable that such a contribution be at a level which accords with the anticipated increased support of the program on the part of other governments.

The UNTA program is supported by voluntary contributions from governments. Governments contribute in accordance with their interests and their ability to participate. For the first 3 years of the program United States support constituted about 60 percent of the total funds pledged to the central account, from which internationally financed costs of the program are funded. By 1954 the financial situations of other developed countries had sufficiently improved and the support from their governments had increased to such an extent that the United States decided that it should begin to reduce its proportion of the central account. The United States pledge for 1954 of 57.5 percent of total valid pledges to the central account as of January 1, 1954, represents the first step in a gradual reduction in the United States percentage. A continuing reduction is planned for the 1955 program.

In all, 68 governments have pledged \$24,029,522 in support of the program for calendar year 1954. In addition, local cost contributions of governments receiving technical assistance are approximately twice the amount financed internationally. When these contributions are taken into account, the United States percentage of the total cost of the program is approximately 22 percent.

The committee made inquiry into the reduction of the United States share of the total program. Mr. Christopher H. Phillips, Special Assistant to Assistant Secretary for United Nations Affairs, Department of State, made this observation:

The proportionate share of the United States contribution for calendar year 1954 program will be 57.5 percent. We believe, as Mr. Key has said, that we should move toward a goal of 50 percent of the central account, in accordance with a recommendation of the International Development Advisory Board, under the chairmanship of Mr. Eric Johnston.

This 50 percent goal applies only to the central account. It does not include the so-called local-cost contributions made by recipient governments. When you consider those local-cost contributions, the United States share of the total program more nearly approximates 22 percent.

Now, while we believe it is important to reduce the United States share, we do not believe that it is in our interest to go down to the 33 $\frac{1}{3}$ -percent level which we now have reached with respect to the regular budgets of the United Nations and the specialized agencies. Any such major reduction would constitute a crippling blow to the United Nations technical assistance program, and might well result in its total collapse.

It has been encouraging to notice that other governments have increased their calendar year 1954 pledges to the highest amount to date. The total pledges of governments, other than the United States for calendar year 1954, are just over \$10 million (hearings, p. 794).

The UNTA program furnishes technical assistance to the governments of economically underdeveloped countries. It is estimated that for the calendar year 1954 more than 1,200 technicians recruited from more than 60 countries by the United Nations and its specialized agencies will be in the field. About 1,400 fellowships will permit citizens of the economically underdeveloped countries to improve their proficiency and thereby contribute to their country's economic and social betterment.

In view of the apparent similarity in projects and programs carried on by the United States and by UNTA the committee explored the desirability of our continuing to support the UNTA. In response to the question why we should contribute to both programs, Mr. Phillips submitted this reply:

The United States supports both the bilateral and multilateral programs because both programs are vital to United States foreign policy. The United States bilateral program was established because the United States believed that it was in its interest, as well as in the common interest of all free countries, to promote as rapidly as possible the economic development of underdeveloped countries and thereby strengthen the free world. To this end such assistance has been furnished directly by the United States for the past several years. Some of the most successful programs are having real results in developing and strengthening friendship and good will toward the United States.

The United Nations program was established for basically the same reason, though with the broader base that other developed countries in the free world were also keenly interested in promoting the economic development of underdeveloped countries. The underdeveloped countries themselves as members of the U. N. have taken a lively interest in the program and are finding it increasingly useful in helping them to solve their economic problems. Both approaches are appropriate in view of the magnitude of the needs for technical assistance. The programs are noncompetitive, and in every country arrangements are in effect for regular joint consultation between the United States and U. N. representatives to assure coordination of the respective programs at both the planning and operating stages.

The use of both programs offers better hope of realizing the objectives than the exclusive use of either. Our support of the U. N. program makes clear our motivation in our bilateral program. Since the size of the U. N. program is limited by the contributions from other governments, it is essential that the bilateral program be maintained in order that the needs for technical assistance may be more fully met (hearings, p. 809.)

The committee believes that increased attention must be given to the effects of these programs as they relate to our foreign policy. The committee's Special Study Mission to Southeast Asia and the Pacific, after discussing this matter with our representatives, those of recipient governments, and of various specialized agencies, points the direction to current thinking on this problem.

When technical assistance programs were started, it was United States intention that ultimately all of our aid would be given through an international body. But the turn of events forces us increasingly to reconsider that intention. The Communist threat has grown more menacing. To meet it places a heavy drain on our resources. Such sums as we can grant for technical assistance must go to those who are standing on our side even at the expense of aid to those who are neutral.

In contrast to the United States bilateral and United Nations programs of technical assistance, which provide direct technical assistance to individual countries, the OAS program consists entirely of regional projects. It is limited to the establishment and support of regional training centers. OAS technical assistance funds provide an additional technical training staff to existing educational facilities and provide fellowships for trainees from all the countries of Latin America to attend the centers. At the end of the courses the trainees return to their own countries to assist in organizing similar training programs there. The fiscal year 1954 program consists of 9 such projects, of which 6 were in full operation in December 1953. The Inter-American Rural Normal School, located in a teaching training institution in Venezuela, is a working example of an OAS project. Rural elementary education is the only formal education which millions of Latin Americans receive and it is deficient primarily because of the lack of properly

trained teachers. The rural normal school training center will operate for a period of 4 years, and will give 2 courses of 2 years each. OAS technical assistance funds will provide a total of 105 scholarships for the 2 courses, plus the services of 8 professors and certain equipment for the school. Each of the American Republics has been invited to send five rural teachers to the center. Upon completion of the project each of the countries will have a number of teachers better qualified to organize and operate rural education facilities. Venezuela will continue to operate this training center for the benefit of all member states after the OAS project is terminated.

The program is administered by the Inter-American Economic and Social Council, which has subordinate to it a Coordinating Committee on Technical Assistance composed of one representative from each of the Inter-American agencies which carry out the projects. These agencies include the Pan American Union, Inter-American Indian Institute, Inter-American Institute of Agricultural Sciences, Inter-American Statistical Institute, American International Institute for the Protection of Childhood, Pan American Institute of Geography and History, and Pan American Sanitary Bureau. Close coordination is maintained with the United States bilateral and the United Nations technical assistance programs.

In his testimony before the committee, Hon. Henry Holland, Assistant Secretary of State for Inter-American Affairs, made one of the most effective points for the OAS program, when he stated:

The purpose of those programs is to train technicians in the Latin American countries who, in turn, may be the means whereby the economic productivity of their countries can be improved by better and more effective technology.

The State Department supports this program. We think it makes an effective contribution to our overall program in the economic field in this hemisphere.

* * * * *

It produces still additional byproducts in the form of other useful results. One of these is that these OAS programs are a means whereby the Latin American countries can be caused to contribute with their own funds and their own efforts to these productive and constructive goals.

It further affects the end with which none of us, I believe, can disagree, that it is desirable that the Latin American countries aid each other. Where one finds itself in a position to make an effective contribution to strengthening the economy of a neighboring country, it is sound from every point of view that we encourage such a contribution.

The inter-American conference from which I recently returned in Caracas adopted a resolution which declares in part that this particular program, "Is one of the most important activities of the Organization of American States, and represents a final and unmistakable expression of the principle of cooperative effort among the member states."

You will, of course, recall that Dr. Milton Eisenhower recommended, with respect to this subject, that we should continue to support the work of the Inter-American Economic and Social Council, and encourage that organization to expand its successful multilateral technical cooperation program among the nations of this hemisphere (hearings, pp. 368-369).

For each of the first 4 years of the program the United States has pledged \$1 million with the proviso that the United States contribution will not exceed 70 percent of the total contributions. In 1953 pledges from 19 governments to the special OAS technical assistance account totaled \$1,365,563, of which the United States pledge, at 70 percent of the total, amounted to \$955,957. In addition to the contributions which they make to the special account, the host countries also furnish local support to the projects in the form of local personnel, services, supplies, and equipment, training materials, etc.

In 1953 local contributions amounted to approximately \$200,000, which is in addition to an estimated \$2 million already being provided in land, facilities, and buildings.

Pledges to the 1954 account, as of March 25, 1954, totaled \$1,421,270. Additional governments are expected to announce their pledges soon. Five governments so far have increased their pledges over 1953.

In view of the demonstrated effectiveness and popularity of this program and in view of the willingness shown by several of the Latin American governments to increase their contributions, it would seem appropriate and in our own interest for the United States to increase its offer in 1955. Authorization and appropriation is therefore requested for a United States contribution in the amount of \$1.5 million in 1955. Payment of this amount would of course be dependent upon the receipt of proportionately increased payments from other participating governments. In no case will the United States contribution exceed 70 percent of total contributions to the special account.

F. ADVANCES AND GRANTS; CONTRACTS (SEC. 306)

This section permits the President, in carrying out the functions entrusted to him under this title, to enter into contracts in the United States and abroad. The recent trend toward encouraging participation by land-grant colleges in technical cooperation programs (which the committee views with favor) makes it necessary to enter into contracts for their services. Foreign governments in many cases have set up bodies or agencies or designated certain individuals within their government to carry out their part of the program. This section permits contracts or agreements to be made with such bodies or individuals. The committee believes this is one of the most desirable mechanisms for carrying out this type of program. The last sentence of this section provides that funds may be obligated by contract or agreement for a term up to 3 years. This authority is necessary to permit, for example, entering into a firm contract with institutions such as land-grant colleges. All of these contracts or agreements are subject to future action of Congress, which means that should Congress terminate the program such contracts or agreements must be subject to termination.

G. INTERNATIONAL DEVELOPMENT ADVISORY BOARD (SEC. 307)

This section continues a board established under the Act for International Development. It expands its statutory duties to cover not only programs of technical cooperation but related programs of development assistance carried out under title II of this bill as well as those provisions of the bill that encourage private participation by United States citizens abroad.

H. JOINT COMMISSION ON RURAL RECONSTRUCTION IN CHINA (JCRR) (SEC. 308)

When the China Aid Act of 1948 was in draft form, the House Committee on Foreign Affairs wrote in the provisions for the Joint

Commission on Rural Reconstruction (JCRR). Section 407 of that act specified that the Joint Commission—

Shall be composed of 2 citizens of the United States to be appointed by the President of the United States and 3 citizens of China to be appointed by the President of China—

and that such Commission shall—

subject to the direction and control of the Administrator formulate and carry out a program for reconstruction in rural areas of China which shall include such research and training activities as may be necessary or appropriate for such reconstruction.

The JCRR was established as an autonomous, semi-independent organization responsible, on the American side, to the Administrator of the Economic Cooperation Administration (ECA) (now Foreign Operations Administration). As a part of its activities, it now carries out the functions of a food and agriculture division for the FOA mission in Formosa.

When the Special Study Mission of the committee to Southeast Asia and the Pacific was in Formosa last fall, it gave special attention to the accomplishments of JCRR. Its report contains these observations:

* * * In other countries the emphasis is on, and usually limited to, the provision of American technical and financial assistance without direct responsibility for its effective use. In Formosa the principle of "jointness" is practiced at all levels—formulating policies, working out programs and procedures, and assuming responsibility for the results. The constant intent is to give to the Chinese themselves the role of an active participant rather than a passive recipient of American assistance.

* * * * *

The JCRR has operated on the principle that well organized farmers' organizations are an essential factor toward accomplishing any rural reconstruction program. The objective of "a federated system of multiservice farmers' cooperatives that is organically strong, democratically controlled, efficiently operated and financially secure, alert and responsive to the interests and needs of members, and constantly seeking to increase its effectiveness and improve its services" has been sought through farmers' associations and rural youth organizations comparable to our 4-H Clubs. Recognizing that quality of staff is of highest importance, the JCRR has supported a number of projects designed to train directors, general managers and staffs of farmers' associations. The members talked to some of these agricultural leaders and were impressed with their ability and understanding approach.

The JCRR's contributions should not be measured alone in cold statistics of increased production. More significant, although less frequently recognized, is the training in leadership and democratic processes it has produced among the farmers and also among officials. Such values are bound to be reflected in the political evolution of the country.

The advantages derived from this approach to technical cooperation have been amply demonstrated. It is for that reason that the committee recommends the continuation of the JCRR. More than that, it hopes that the officers responsible for carrying out the technical cooperation program will make every effort to establish and handle as much of its work as possible through a similar body in each of the countries where our programs are in operation.

IV. TITLE IV—OTHER PROGRAMS

A. SPECIAL FUND (SEC. 401)

One of the primary purposes of this section is to continue the authority in previous legislation to use limited amounts of funds authorized under this bill to meet special situations and emergencies which cannot be dealt with in the context of regular programs. The President is authorized to use up to \$150 million of the funds authorized by the bill in furtherance of the purposes of this bill or any other act for which funds are authorized by this bill. Of the funds available under this section, not to exceed \$100 million may be expended to form selected persons who have escaped from certain Communist-dominated countries or areas in Europe, or Communist-occupied areas of Asia and any other countries absorbed by the Soviet Union, into elements of the military forces supporting the North Atlantic Treaty Organization, when the President determines that such assistance will contribute to the defense of the North Atlantic area or to the security of the United States. The section also permits the President to use up to a total of \$50 million without voucher. Not more than \$20 million of the funds available will be allocated to any one nation.

During the United Nations General Assembly meeting in the fall of 1951, the Soviet delegation distorted congressional intent with respect to this provision, which was contained in the Mutual Security Act of 1951. Those misrepresentations and charges were answered by the Honorable John M. Vorys and the Honorable Mike Mansfield, members of the House Foreign Affairs Committee, who were attending the meeting as United States delegates. The United Nations accepted the explanation of congressional intent to assist escapees given in the General Assembly by these Members of the Congress who were delegates, rejected the explanation given by the Soviets and dismissed the Soviet charges.

B. EARMARKING OF FUNDS (SEC. 402)

This section requires that \$500 million of the funds authorized by this bill shall be used to purchase surplus agricultural commodities, or products thereof, produced in the United States. The provisions of title I of the Agricultural Trade Development and Assistance Act of 1954 which is now under consideration by the Congress are to govern the procurement, handling, and utilization of such commodities.

It is intended that the total purchase of surplus agricultural commodities financed under this section and under the Agricultural Trade Development and Assistance Act of 1954 shall not exceed the authorization for appropriation contained in the Agricultural Trade Development and Assistance Act of 1954.

C. SPECIAL ASSISTANCE IN JOINT CONTROL AREAS (SEC. 403)

As a result of World War II the United States, together with certain other allied nations, as occupying powers, assumed responsibility for the administration of a number of areas, including Germany, Austria, and Trieste. The intransigence of the Soviet Union has made it impossible for the United States to relinquish its responsibilities in these areas and in some cases it has been necessary to provide economic assistance.

This section provides for supplying assistance to these joint control areas. For the first time this provision is separated from "European defense support" and set up among "Other programs." None of these areas currently has a military establishment and, therefore, assistance to them cannot be regarded as designed to sustain and increase military effort.

Although the authority of this section includes all of the areas in this category, present plans call for assistance only to Berlin.

D. RESPONSIBILITIES IN GERMANY (SEC. 404)

Until the contractual arrangements with the German Federal Republic go into effect establishing the independence of that Government, the United States maintains a special relationship with that country and retains certain financial responsibilities. This section provides authority to meet this special situation. It provides that, upon demand by the United States, German local currency counterpart shall be deposited in the special account for Government and Relief in Occupied Areas (GARIOA) for unilateral United States disposition. Such funds, as well as funds allocated for assistance to Germany under section 403 of this bill, may be used for extraordinary expenses necessary to meet United States responsibilities and objectives in the Federal Republic and other areas of Germany. Expenditures under this section may be made in amounts and under conditions determined by the Secretary of State after consultation with the official primarily responsible for administration of defense support programs. Where necessary to meet United States responsibilities or objectives in Germany, such expenditures may be made without regard to such provisions of law as the President may specify.

The provisions of this section are carried over from existing law except that the Presidential waiver clause has been revised in order to make provision for meeting United States objectives with respect to areas in Germany other than the Federal Republic. These revisions would make the authority of this section available for programs such as the East German food relief program of the summer of 1953.

E. MOVEMENT OF MIGRANTS AND REFUGEES (SEC. 405)

1. *Intergovernmental Committee for European Migration—ICEM (sec. 405 (a))*

This section authorizes the appropriation of \$11,700,000 for contributions by the United States during calendar year 1955 to the Intergovernmental Committee for European Migration (ICEM). There is contained authorization for consolidation with this appropriation the unexpended balance for calendar year 1954. The idea

of such an organization and United States participation therein originated in the Foreign Affairs Committee during its consideration of the Mutual Security Act of 1951, and was adopted by the Congress. Participation was authorized in the Mutual Security Act of 1952 and the 1953 Act. ICEM has now become an international organization with increasing activities in moving migrants from one country to another, activities which have a definite impact on the foreign policy of the United States.

The committee received detailed testimony on ICEM and its accomplishments from Mr. George Warren, Adviser on Refugees, Department of State. The committee also had before it the report of the Special Study Mission on International Organizations and Movements (H. Rept. 1251, 83d Cong.), consisting of the following committee members: Hon. Chester E. Mellow, Chairman, Hon. Albert P. Morano, and Hon. Alvin M. Bentley. The mission, during its visit early in October 1953 to the headquarters of the ICEM in Geneva, Switzerland, held conferences with officials representing Operations, Security, Finance, Shipping, Plans and Liaison, and Budget and Administration Offices.

(a) *The overpopulation problem in Europe.*—Mr. Warren told the committee that an estimated 3.5 million people in Europe face the need of emigration in the next 10 years because of overcrowded conditions in countries of present residence. Italy, with a population of 47.5 million, has been confronted for the past 7 years with continued and serious lack of employment opportunities for some 3.7 million family wage earners, 1.7 million of whom are totally unemployed and another 2 million of whom are only partially employed. This situation has resulted in part from the lack of emigration before and during the war and the return to Italy in the postwar period of Italians from the North African colonies. Greece has a population of some 8 million which is increasing by approximately 120,000 annually. Thirty-five thousand Greeks have returned from Eastern Europe. The lack of employment opportunities in urban and agricultural regions of Greece constitutes a grave problem and the Greek Government is pressing for the emigration of some 30,000 persons annually. The Netherlands has a population estimated at some 10,400,000. Its population density of 317 persons per square kilometer is the highest in Europe. The Netherlands Government has calculated that an annual net emigration rate of 60,000 is necessary to maintain the proper balance between resources and population. In Austria the problem arises primarily from the influx after the war of over 600,000 ethnic Germans and other refugees of whom only one-half have been absorbed in the Austrian economy. Western Germany has received over 8.5 million expellees since the end of the war and 1.5 million refugees from Eastern Germany. Over 305,000 entered West Berlin in 1953.

Spontaneous migration and migration resulting from unilateral or bilateral governmental arrangements result in an estimated annual flow of 200,000 to 250,000 migrants from Europe. The need is to increase this volume of existing movement. ICEM's program is geared to this objective.

(b) *Operations.*—In view of the importance which the Congress has attached to United States participation in ICEM, it is essential to give some detail on ICEM's operations. The process of migration may be

divided into three phases: Preembarkation activities, transport or movement, and postarrival activities. ICEM carries out, or assists governments in carrying out, the operations in these three phases to varying degrees in accordance with the requirements and requests of the governments concerned. The various steps in the migration process are summarized below. It should be pointed out that they do not always follow in exactly the same order; there are minor differences in accordance with particular schemes or the wishes of particular governments operating them. The first step is, of course, agreement between the emigration country and the immigration country on the terms of the scheme itself, and the criteria which the immigration country is going to apply in selecting migrants. The final decision on whether or not a migrant is acceptable rests always with the representatives of the immigration country. ICEM is frequently called upon to assist in the negotiation of these arrangements.

(c) *Comparative summary of movement of migrants.—*

From—	Actual, calendar year 1953	Estimate, calendar year 1954	Estimate, calendar year 1955	To—	Actual, calendar year 1953	Estimate, calendar year 1954	Estimate, calendar year 1955
Austria.....	5,531	8,350	15,000	Argentina.....	9,022	33,425	26,000
Germany.....	40,325	33,860	45,000	Australia.....	13,326	25,430	25,500
Greece.....	4,096	9,540	17,500	Brazil.....	12,702	14,840	19,500
Italy.....	20,975	50,350	62,000	Canada.....	36,922	15,730	9,500
Netherlands.....	2,296	2,160	5,000	Colombia.....		800	1,000
Shanghai-Far East...	3,259	3,250	3,500	Chile.....	776	1,935	3,500
Trieste.....	1,367	5,020	2,000	Israel.....	2,389	2,150	2,000
Near East.....		250	500	United States.....	6,365	15,050	55,000
Others.....	9,652	5,620	4,500	Venezuela.....	3,921	6,030	10,000
				Others.....	2,078	3,010	3,000
Total.....	87,501	118,400	155,000	Total.....	87,501	118,400	155,000

2. *Emigration of Ryukyans to Latin America (sec. 405 (b))*

Subsection (b) permits the President to use not more than \$800,000 made available under this bill for the purpose of facilitating the migration of residents of the Ryukyu Islands to the other American Republics.

Before the war small numbers of the Ryukyans migrated principally to several Latin American countries, as well as to Japan, the Marianas, and the Hawaiian Islands. They now wish to resume this migration because of the rapid increase in their population.

Current plans for the migration of Ryukyans to Bolivia are based upon a study conducted in 1952 for the Department of the Army by the Pacific Science Board. The United States Civil Administration for the Ryukyus (USCAR) approved this project and allocated \$160,000 in counterpart funds for the transportation of the first group of 400 emigrants from Okinawa, the principal island in the Ryukyu archipelago, to Bolivia. After discussions by the interested departments of the United States and discussions between the Uruma Society (a Ryukyu organization to promote migration), Foreign Operations Administration, and the Bolivian Government at La Paz, an agreement was concluded in March 1954 by FOA and the Bolivian Government for the release of a sum of 35 million bolivianos from the counterpart fund generated from the sale of commodities provided the Bolivian Government under our economic assistance program. This sum will be used to cover costs incident to the resettlement of Ryu-

kyuans in Bolivia, such as housing, water supply, access roads, food supplies, and medical care.

The plan to be carried out provides the following:

(a) The Bolivian Government will set up a tract of 10,000 hectares of cultivatable land, some 75 kilometers east of the capital of the Department of Santa Cruz for the establishment of the colony Uruma. The Bolivian Government will also retain sufficient land adjacent to the original colony for any future expansion of the colony.

(b) The original group will not exceed 400 Ryukyuan including approximately 80 bachelors and 80 heads of families together with their wives and children. An advance group of three Ryukyuan has been flown to Bolivia to participate with Uruma and the Bolivian Government in preliminary preparations for the settlement.

(c) The first group of 250 was scheduled to leave Okinawa on June 18, and are due to arrive at the Brazilian port of Santos on August 8, from which they will be transported by rail to Santa Cruz. The second group of 150 will leave Okinawa on July 18 and arrive at the Brazilian port on September 8.

The Bolivian Government has indicated that it would prefer to limit Ryukyuan to the current 400 individuals until it has been determined that they are suitable to this type of settlement. Should this initial group prove adaptable, it is informally understood that up to an additional 1,200 Ryukyuan will be permitted to enter each year until a total of about 12,000 has been reached.

Currently the only commitment of funds which exists for the movement of Ryukyuan to the other American Republics is the \$160,000 by USCAR and the 35 million bolivianos of counterpart funds mentioned above.

Informal discussions with other American Republics have indicated that resettlement may be possible elsewhere in Latin America, particularly in Brazil and Peru. The success of the current migration to Bolivia may well have a significant bearing on the attitude of other American governments.

Other beneficial effects will flow from the successful operation of this plan. It will indicate to the Ryukyuan that the United States Government is actively interested in their welfare and lay the basis for better relations between the Ryukyuan and United States authorities. The economic situation in Bolivia is such that it is the one area in Latin America for which development assistance has been provided under this bill. Part of the difficulty is that its economy is dependent upon tin, to the neglect of its agriculture. The Ryukyuan are traditionally fine farmers. If they prove adaptable to the climatic conditions in Bolivia, they can make an important contribution to Bolivia's food supply and thus alleviate one of the country's most pressing problems. This provision in the bill is as much to help Bolivia as it is to help the United States and the Ryukyuan.

3. United Nations Refugee Emergency Fund—UNREF (sec. 405 (c))

The committee recommends an authorization of \$500,000 as the United States contribution to the United Nations Refugee Emergency Fund (UNREF).

The United Nations Refugee Emergency Fund was authorized in 1952 by the General Assembly to enable the United Nations High Commissioner for Refugees to provide emergency care and medical

aid to the most needy groups among the stateless refugees for whom his office provides legal and political protection. Among these there are some 40,000 destitute refugees, located in Europe, the Middle East, and China, for whom opportunities for resettlement abroad or establishment in the countries of first asylum have been limited. Most compelling among these refugees are those of the so-called difficult cases—chronically ill, disabled, and aged—whose opportunities for resettlement must depend on the generosity of governments and voluntary agencies willing to provide lifetime institutional care. Equally compelling is the destitute situation of the estimated 14,000 refugees of European origin in Harbin, Shanghai, and Hong Kong. Whether ill and disabled or simply destitute, all of these refugees must patiently wait out the development of some permanent solution to their problems. Meanwhile their urgent relief needs, varying in degree and duration, are not being met adequately either by the countries where they reside or by other programs. Countries granting asylum to these refugees in most cases offer some welfare assistance as well, but this aid is either inadequate or below the level required for basic subsistence. The relief programs of private voluntary agencies are limited by heavily burdened budgets. There is little or no facility for meeting the special requirements of the difficult cases requiring institutional care.

The Intergovernmental Committee for European Migration (ICEM) provides transportation and related services to refugees en route to countries of resettlement rather than care and maintenance. Most of these refugees do not meet the standards for acceptance by immigration countries, though a good number of them might be brought up to standard by UNREF aid. UNREF is the only source of aid to which most of these refugees can turn for the supplemental assistance they so desperately need, and funds available to the High Commissioner were almost exhausted by the end of April 1954 by the great demands upon them.

A United States contribution at this critical point in UNREF's existence is justified mainly by the pressing relief needs of these refugees. It would, at the same time, serve to further certain of our foreign policy objectives. Important among these is the objective of promoting continuity of hitherto generous asylum policies of countries friendly to the United States. Policies of asylum entail burdensome welfare costs, and this international fund, to which 16 governments have contributed, is the most feasible means available to the United States of providing assistance from sources external to the countries of asylum in supplement to the considerable contributions already made by them. It is also the most effective means of meeting the needs of both the difficult cases and the destitute groups, who otherwise will remain both a considerable burden on the economies of these countries, and a source of local tension within and, at times, between countries.

United States financial support of UNREF would also have the beneficial effect of backing the office of the High Commissioner which suffers constant and bitter abuse from the U. S. S. R. and its satellites. They attack the High Commissioner and his motives, accusing him of prolonging the miserable conditions of refugees in order to make it easier to recruit from their midst persons who could be enrolled into imperialist military units, used for subversive activities of espionage

and sabotage against the Communists, or as victims of capitalist exploitation. They challenge the legality of his office because he promotes voluntary resettlement in new countries or assimilation in countries of asylum rather than forced repatriation behind the Iron Curtain.

On the other hand the High Commissioner has not yet received effective support by the strongest government in the free world, a denial which disparages his efforts in the eyes of countries that look to the United States for leadership. Absence of a United States contribution has handicapped the High Commissioner's efforts, since he reports that other potential and some past contributors have been reluctant to contribute or continue contributions. Financial participation by the United States in the UNREF program would produce effective benefit to refugees since it would stimulate other contributions.

In addition, the contribution recommended would demonstrate to the some 10 friendly European governments—including Belgium, France, the Netherlands, Denmark, Sweden, Switzerland, and Ireland—which are generously accepting numbers of difficult cases, notably the tubercular, blind, and crippled, for lifetime care in institutions, that the United States recognizes the plight of this particular group.

UNREF funds, as indicated in the foregoing, are expended on behalf of refugees in urgent need of assistance. In most cases such assistance is supplemental to the contributions of local governments, which, limited by their resources, are clearly inadequate. In respect to European refugees in China, however, UNREF aid is virtually their only means of support. Numbers of these refugees are resettlable under other existing programs provided that they can reach Hong Kong. The High Commissioner, because of his past assistance to this group, and because of the multiple currencies available to him through contributions to UNREF, is in a unique position to maintain these refugees until they can reach Hong Kong and to aid them in so doing. Their situation in China is desperate and will deteriorate further should UNREF aid be withdrawn because of lack of funds. Withdrawal of aid for these refugees was imminent in 1953 because the High Commissioner's funds for this purpose were exhausted. Although contributions to UNREF from governments other than the United States postponed this threat for the balance of 1953 and into early 1954, now once again the available resources have been rapidly depleted. If new funds for UNREF are not forthcoming soon the deteriorating condition of many of these refugees may bar their acceptability for eventual resettlement and this striking rescue operation would be seriously impeded. Such a situation would play directly into the hands of the Soviets and, conversely, would be damaging to the interests of the free world as well as of the refugees. A contribution from the United States would be used to meet the High Commissioner's commitments in Europe and the Middle East, thus freeing for use in China the other currencies most effectively employed in that area.

The relief program of UNREF in no way overlaps with that of the escapee program (USEP) and the Intergovernmental Committee for European Migration (ICEM). Each has a specific function to perform, independently but in harmony with the others. Effective liaison

has been established and is maintained to the end that each can accomplish more successfully the fulfillment of its objectives.

Sixteen governments along with the Holy See have contributed \$957,012 to UNREF. Additional funds received from private organizations and individuals and other sources bring to \$1,294,086 the total resources available to the fund since its inception in July 1952 to March 31, 1954. The major part of these funds, \$758,787, were expended on material assistance to the destitute refugees of European origin in China, including care and medical aid in Shanghai and Harbin, and maintenance in transit through Hong Kong. Except for \$183,815 in uncommitted funds and some \$26,000 administrative expenses, the remainder of \$325,441 was used to make grants for the placement in institutions in Europe of difficult cases from China, to implement a number of small relief projects in the Middle East and Europe, and for essential health programs particularly to combat tuberculosis among refugees.

The following table indicates the contributions made by governments as of March 31, 1954.

	Received	Pledged	Total
Australia (2 contributions).....	\$111,646	-----	\$111,646
Austria.....	1,923	-----	1,923
Belgium.....	40,000	-----	40,000
Canada.....	100,462	-----	100,462
Denmark (2 contributions).....	14,607	\$14,477	29,084
Federal Republic of Germany.....	13,096	-----	13,096
France.....	85,714	-----	85,714
Greece.....	1,000	-----	1,000
Holy See.....	2,000	-----	2,000
Liechtenstein.....	-----	467	467
Luxembourg (3 contributions).....	2,970	-----	2,970
Netherlands (2 contributions).....	35,263	50,000	85,263
New Zealand.....	27,991	-----	27,991
Norway (2 contributions).....	14,104	14,104	28,208
Sweden.....	19,492	-----	19,492
Switzerland (3 contributions).....	30,967	46,729	127,696
United Kingdom.....	280,000	-----	280,000
Total.....	831,235	125,777	957,012

F. CHILDREN'S WELFARE (SEC. 406)

This section authorizes an appropriation of \$13,500,000 for contributions during fiscal year 1955 to the United Nations Children's Fund. The authorization is on a fiscal-year basis, unlike prior legislation which was on a calendar-year basis.

The \$13.5 million authorization is broken down as follows:

(1) \$9 million for the full United States contribution to the calendar year 1954 program of UNICEF; and

(2) \$4.5 million for one-half of the estimated United States contribution to the calendar year 1955 program. This amount puts the authorization on a fiscal-year basis.

As explained by Dr. Martha Eliot, Chief, Children's Bureau, Department of Health, Education, and Welfare, during her testimony before the committee:

The United States has been the mainstay of the Children's Fund since the beginning. Not only has this Government contributed a total of \$97,231,000 to the fund from 1947 through 1953, but it has continuously sought contributions from other governments. In 1953, a total of 53 governments pledged or contributed to UNICEF, as compared to 39 in 1952 and 34 in 1951. In all, 72

governments have made a contribution or pledge to the central account of UNICEF since its inception. Other governments are gradually bearing a higher percentage of the fund's finances. It is our aim that they pay an even larger share in the future (hearings, p. 816).

The \$9 million requested for contribution to the calendar year 1954 program is a reduction from the United States contribution of \$9,814,333 in calendar 1953.

The objective and direction of the program were described by Dr. Eliot in these words:

The Children's Fund is today bringing practical benefits of real significance to the children of the underdeveloped countries of the world who are suffering from, or under constant exposure to, disease and malnutrition. These benefits are not taking the form of handouts of material goods and services to the individual child, except milk and other nutritious foods in connection with maternal and child health centers and school lunches.

Rather, they take the form of intelligent and well-considered assistance to governments of the underdeveloped countries to enable these governments to build into their own activities programs of maternal and child-health assistance which would not be possible in the absence of external help.

An increasingly important part of the Children's Fund program consists of the provision of supplies and equipment to help governments establish maternal and child-health centers in these localities where they are most sorely needed. Approximately 5,300 of these centers have been assisted to date. These centers are on a very modest basis. In comparison with the type of public-health center which is found in this country, they are not only modest, but primitive (hearings, p. 816).

The importance of UNICEF's work is readily apparent, when one considers that approximately two-thirds of the world's children face want and sickness. Many can look forward to only a short life burdened by disease, hunger, and privation. Infant mortality rates are high, and lack of health services and low nutritional levels prevail in many areas. Communicable diseases such as malaria, typhus, or yaws claim millions of victims a year, including large numbers of children, many of whom die. Those who survive are often left in such a weakened or helpless condition that they are a permanent burden on society. Malnutrition is as serious and prevalent a problem as bad health.

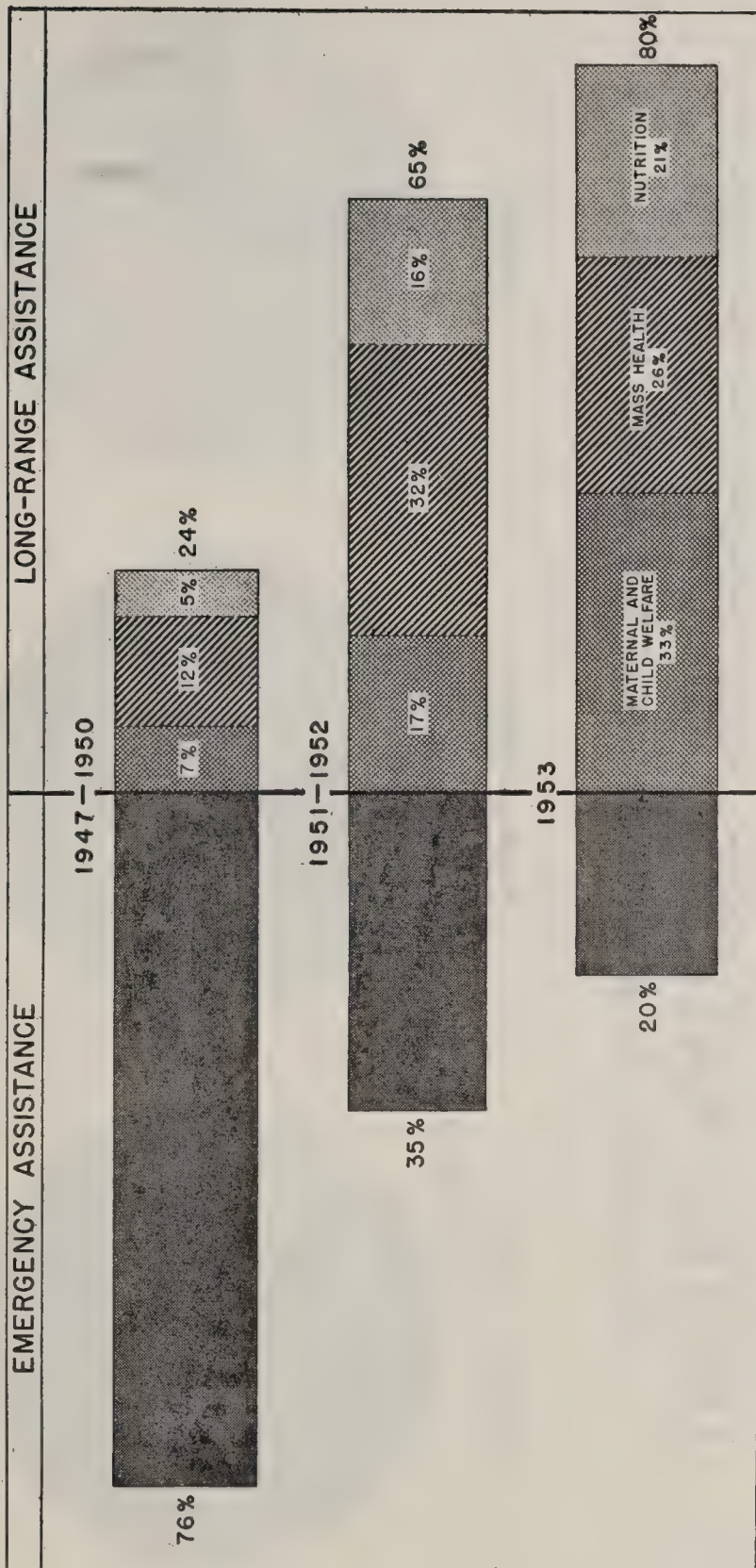
1. Shift in emphasis

The committee notes with approval the shift in emphasis from an emergency program to that of a long-range program within the United Nations structure devoted to international child-welfare work. The name of the organization has been changed from "United Nations International Children's Emergency Fund" to "United Nations Children's Fund," although the initials UNICEF, so well known and respected throughout the world, have been retained as the symbol of the activity. This shift conforms to the prior intent expressed by this committee and the Congress, and enables the Congress to assess the program from a realistic point of view.

The following charts illustrate the impact of the shift in program emphasis:

UNITED NATIONS CHILDREN'S FUND

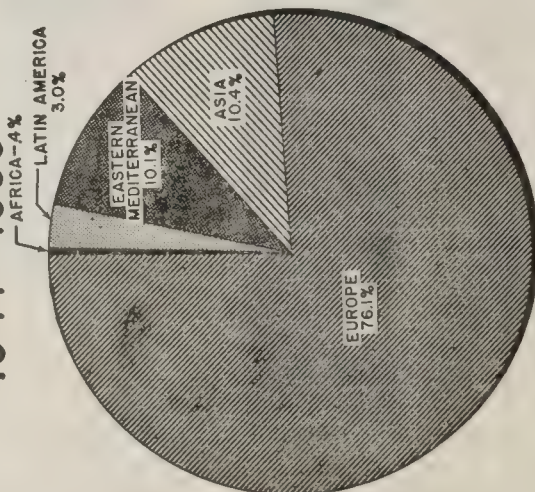
SHIFT IN UNICEF AID FROM EMERGENCY TO LONG-RANGE PROGRAMS



UNITED NATIONS CHILDREN'S FUND

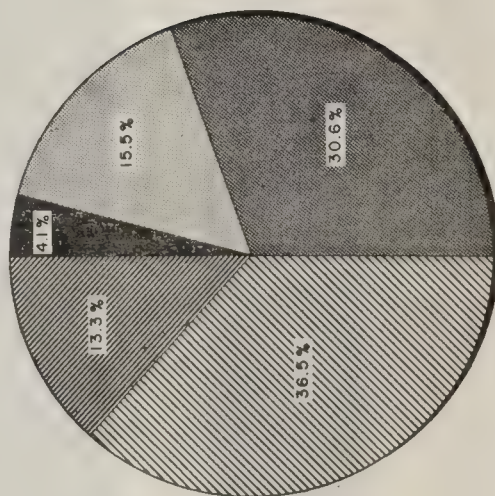
HOW UNICEF ASSISTANCE HAS SHIFTED AMONG AREAS

1947-1950



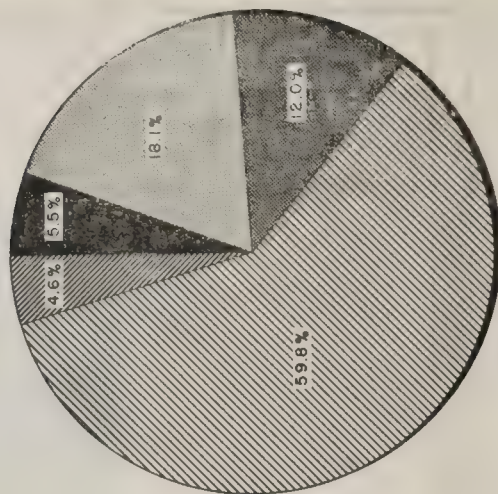
**TOTAL
AREA ASSISTANCE
\$113,149,000**

1951-1952



**TOTAL
AREA ASSISTANCE
\$23,718,000**

1953



**TOTAL
AREA ASSISTANCE
\$10,777,000**

It will be noted from the chart above that only 4.6 percent of aid went to Europe in 1953. This is in marked contrast to the first 3 years of the fund's operations when 76.1 percent of the allocations were for the relief of war victims in Europe. Asia, on the other hand, received 10.4 percent in the first 3 years, and in 1953 was allocated 59.8 percent.

The organization is currently assisting over 200 programs in 78 countries and territories. This assistance is expected to reach over 60 million children.

UNITED NATIONS CHILDREN'S FUND

United States contributions and contributions of other governments according to year of receipt

	Contributions, 1947-50		Contributions, 1951		Contributions, 1952		Contributions, 1953		Total	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Central account:										
United States.....	\$74,900,000	70.4	\$5,850,000	56.1	\$6,666,667	71.3	\$9,814,333	68.1	\$97,231,000	69.1
Other governments.....	31,584,221		4,566,477		2,685,950		4,607,036		43,443,684	
Total.....	106,484,221		10,416,477		9,352,617		14,421,369		140,674,684	
Total contributions:										
Other governments:										
Central account.....	31,584,221		4,566,477		2,685,950		4,607,036		43,443,684	
Local.....	214,538,000		31,122,000		23,616,000		25,061,000		294,337,000	
Subtotal.....	246,122,221		35,688,477		26,301,950		29,668,036		337,780,684	
United States.....	74,900,000	23.3	5,850,000	14.1	6,666,667	20.2	9,814,333	24.9	97,231,000	22.4
Total.....	321,022,221		41,538,477		32,968,617		39,482,369		435,011,684	

Beneficiaries of principal programs

[Figures below refer only to mothers and children benefited]

Area	BCG campaigns (thus far 60,000,000 have been tested and more than 28,000,000 vaccinated)				Yaws control (thus far 9,000,000 have been examined and 2,500,000 treated)				Malaria, typhus control (thus far 13,000,000 have been protected)			
	Accomplished 1953		Estimated 1954		Accomplished 1953		Estimated 1954		Accomplished 1953		Estimated 1954	
	Coun-tries	Vaccinated	Coun-tries	Vaccinated	Coun-tries	Treated	Coun-tries	Treated	Coun-tries	Protected	Coun-tries	Protected
Africa.....	11	7,657,000	11	10,980,000	2	80,000	4	587,500	4	369,000	8	723,000
Asia.....	6	1,077,000	5	1,340,000	5	373,500	5	731,000	4	5,975,000	4	4,250,000
Eastern Mediterranean.....					1	50,000	2	45,000	4	531,000	4	1,320,000
Europe.....					1	22,000						
Latin America.....	6	300,000	10	1,985,000	1	494,000	1	400,000	18	2,271,000	14	2,242,000
Total.....	23	9,034,000	26	14,305,000	10	1,019,500	12	1,763,500	30	9,146,000	30	8,535,000

2. Use of surplus milk

The committee notes with approval that UNICEF is the largest customer for United States surplus milk. According to information issued by the United Nations on April 29, 1954:

The Fund bought 55 million pounds of skim milk powder from the United States Department of Agriculture in 1953, approximately one-eighth of the Department's surplus stocks for that year.

The 55 million pounds represent about half of the 100 million pounds allocated by UNICEF in 1953, the remainder of which will probably be bought this year. This is the largest allocation of milk since 1950 when the Fund turned from feeding hundreds of thousands of children in Europe following World War II to programs designed to bring long-term benefit to youngsters throughout the world.

Most of the 100 million pounds is going to Asia to relieve privation among children and mothers in flood- and drought-stricken regions of India; in flood, typhoon, and crop-shortage areas of Japan; in the Republic of Korea; and in refugee camps and economically distressed sections of Pakistan.

The remainder is being integrated into long-term nutrition programs, both in Asia and Latin America, through rural health centers, maternity and pediatric hospitals, child care institutions and schools.

With about half of the milk delivered, more than 2 million children and expectant and nursing mothers are already being reached every day, UNICEF records show (press release ICEF/510).

G. PALESTINE REFUGEES IN THE NEAR EAST (SEC. 407)

In its consideration of this section the committee had the benefit of House Report 1250, *The Arab Refugees and Other Problems in the Near East*, submitted by the Special Study Mission to the Near East of the Committee on Foreign Affairs, consisting of the Honorable Lawrence H. Smith, chairman, and the Honorable Winston L. Prouty.

There are approximately 875,000 Arab refugees from Palestine registered with the United Nations and residing in Arab countries. These people left their homes in Palestine at the time of the fighting between Israel and the Arab States in 1948. They are still on relief, supported at subsistence levels supplied through the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA). The future of these refugees is important to the peace and stability of the Near East.

In Jordan these refugees constitute one-third of the total population and in Lebanon about 10 percent.

The United Nations is trying to deal with this problem by providing \$25 million per year for relief (mostly rations) to keep these people alive and by planning and financing large-scale development projects to provide them with homes and opportunities for employment.

The countries involved are dry and barren and the lack of full cooperation on the part of some of the governments involved, as well as the refugees themselves, has been a contributing factor in the slow progress in this field.

Nevertheless, the United States regards the tension in the Near East as of serious concern. It is important to indicate by authorizing funds even before appropriations are to be requested that the United States desires to cooperate in finding a solution to the problem.

An authorization is made of \$30 million for fiscal year 1955, but appropriation for this amount is not being sought in this session of Congress. The unobligated fiscal year 1954 funds, presently estimated at \$29 million is authorized to be reappropriated.

UNITED NATIONS RELIEF AND WORKS AGENCY FOR PALESTINE REFUGEES IN THE
NEAR EAST*Comparative summary of United States contributions*

	Fiscal year 1952	Fiscal year 1953	Fiscal year 1954	Proposed fiscal year 1955
Amounts available:				
United States appropriation.....	\$50,000,000	\$60,063,250		
Unobligated balance reappropriated.....			\$44,063,250	\$29,063,250
Total.....	50,000,000	60,063,250	44,063,250	29,063,250
Program obligations:				
Relief program.....	18,000,000	16,000,000	15,000,000	¹ 12,000,000
Reintegration program.....	32,000,000			17,063,250
Total.....	50,000,000	16,000,000	15,000,000	29,063,250
Unobligated balance.....		44,063,250	29,063,250	
New authorization (only) requested fiscal year 1955.....				30,000,000

¹ This amount is based on the tentative \$18 million UNRWA relief budget for fiscal year 1955 approved by the U. N. General Assembly in November 1953. This action is subject to review by the next session of the General Assembly.

UNITED NATIONS RELIEF AND WORKS AGENCY FOR PALESTINE REFUGEES IN THE
NEAR EAST*Summary of contributions since Dec. 1, 1948 as of Apr. 20, 1954*

[United States dollar equivalent]

Country	Totals as of Apr. 20, 1954		Country	Totals as of Apr. 20, 1954	
	Payments	Per- cent		Payments	Per- cent
Afghanistan.....	\$5,600	(+)	Luxembourg.....	\$13,209	(+)
Australia.....	1,366,609	0.69	Mexico.....	75,482	0.04
Austria.....	2,100	(+)	Monaco.....	570	(+)
Bahrein.....	56,739	.03	Netherlands.....	50,000	.03
Belgium.....	477,180	.24	New Zealand.....	810,732	.41
Bolivia.....	5,000	(+)	Norway.....	218,572	.11
Burma.....			Philippines.....	10,000	(+)
Cambodia.....	4,000	(+)	Pakistan.....	433,531	.22
Canada.....	3,540,929	1.79	Qatar.....	20,895	.01
Denmark.....	101,478	.05	Saudi Arabia.....	375,006	.19
Dominican Republic.....	15,000	(+)	Southern Rhodesia.....	19,600	.01
Egypt ¹	9,603,256	4.86	Spain.....	973	(+)
Eire.....	96,774	.05	Sudan.....	144,000	.07
El Salvador.....	500	(+)	Sweden.....	225,443	.11
Ethiopia.....	25,500	.01	Switzerland.....	68,364	.03
Finland.....	1,000	(+)	Syria ¹	4,237,288	2.14
France.....	8,300,108	4.20	Turkey.....	206,333	.10
Germany.....	23,810	.01	Union of South Africa.....	39,687	.02
Greece.....	131,708	.07	United Kingdom.....	40,235,485	20.37
Haiti.....	4,000	(+)	United States.....	117,450,000	59.45
Honduras.....	2,500	(+)	Venezuela.....	34,925	.02
India.....	71,484	.04	Vietnam.....	11,000	(+)
Indonesia.....	243,396	.12	Yemen.....	9,863	(+)
Iraq ¹	2,692,598	1.36	Yugoslavia.....	103,900	.05
Israel.....	839,509	.43			
Italy.....	66,164	.03	Total Government contributions.....	197,568,652	100.00
Japan.....	10,000	(+)	Contributions from other sources.....	13,132,286	-----
Jordan ¹	3,170,878	1.60			
Korea.....	2,000	(+)	Grand total.....	210,700,938	-----
Kuwait.....	31,500	.02			
Laos.....	1,207	(+)			
Lebanon ¹	1,881,267	.95			

¹ The contributions of Egypt, Iraq, Jordan, Lebanon, and Syria have been mostly in the form of direct aid and services.

H. NORTH ATLANTIC TREATY ORGANIZATION (SEC. 408)

Subsection (a) authorizes the appropriation of \$3,200,000 for payment by the United States of its share of the expenses of the civilian headquarters of NATO in Paris (which this year includes the United States share of the cost of a NATO headquarters building).

Subsection (a) derives in part from section 521 of the Mutual Security Act of 1951, as amended, which authorized the use of military assistance funds for "expenses incident to United States participation in international security organizations." This authority is continued by section 103 (b) of this bill, but only the funds necessary for contributions to NATO military organizations are included in the funds authorized in section 103 (a) for contributions under 103 (b). So long as the military assistance program continues, funds for the military contributions would appropriately be included in military aid funds under section 103. However, under the language of 408 (a), all NATO contributions could be included in the appropriation made under authority of this section.

Subsection (b) of this section spells out the President's authority to appoint the permanent representative to NATO by and with the advice and consent of the Senate and provides for his rank and status as that of Ambassador, Chief of Mission, Class 1.

The purpose of subsection (c) of this section is to permit the continued employment of Foreign Service Reserve officers detailed to the NATO international staff, whose normal 4-year term would otherwise expire under the provisions of section 522 of the Foreign Service Act. The detail of such officers to the NATO international staff would be in accordance with the provisions of section 529 (which deals with detail of personnel to international organizations).

I. OCEAN FREIGHT CHARGES (SEC. 409)

Under the authority provided in section 117 (c) of the Economic Cooperation Act of 1948 and subsequently by section 535 of the Mutual Security Act of 1951, as amended, the Congress provided funds to further the humanitarian activities of eligible American voluntary relief and rehabilitation agencies by reimbursing ocean freight costs on relief supplies shipped by such agencies to certain countries. The support of these agencies' activities represents a recognition on the part of our Government of the value of people-to-people giving as well as government-to-government aid.

At present 27 voluntary agencies, and the American Red Cross, are participating in the program in 13 countries. Countries now receiving relief supplies under this program include any country eligible for economic and technical assistance. Normally an agreement is entered into with the receiving countries permitting American representatives of the agencies to supervise distribution, providing for duty-free entry of supplies, and providing inland transportation to the point of ultimate distribution. The program's operation requires a sustained cooperative relationship among the three major participants: American voluntary groups, the United States Government, and the governments of the host countries. Approval of this provision by the committee is premised upon continued and intensified cooperation of this nature.

For the fiscal year 1954, the Congress appropriated \$1.825 million for this program. However, the substantial quantities of surplus commodities subsequently made available to the voluntary agencies by the Department of Agriculture under section 416 of the Agricultural Act made additional funds necessary if these surpluses (dried milk, butter, and cheese) were to be moved and distributed by the agencies to needy persons abroad.

Through February 15, 1954, a total of 120 million pounds of relief supplies valued at \$43 million, including 46 million pounds of surplus dried milk, 20 million pounds of butter, and 11 million pounds of cheese had been sent to, and distributed in, 13 countries by 24 voluntary agencies. The President on September 28, 1953, authorized under the provisions of section 513 (b) of the Mutual Security Act of 1951, as amended, the use of an additional \$2.5 million for this program. Additionally, he authorized the use of \$1 million to defray costs of transporting the commodities from point of storage to United States ports.

It is presently estimated that during fiscal year 1955 the amount of relief supplies moved by the voluntary agencies will be equal, at least, to those moved in fiscal year 1954. The amount of \$4.4 million is authorized in subsection (c) to carry on the program. In addition subsection (d) permits these funds to be supplemented by the use of other funds made available under this bill to pay ocean freight charges on shipments abroad of surplus agricultural commodities.

Subsection (b) makes it clear that where practicable the participating country shall make available local currency to defray the transportation cost from the port of entry of such country to the designated shipping point of the consignee and permit free entry of such shipments. It is the expectation of the committee that this self-help feature will be utilized to the maximum extent practicable.

Comparative summary of programs by area

Area	Program		
	Actual fiscal year 1953	Estimated fiscal year 1954	Proposed fiscal year 1955
Ocean freight subsidies:			
Shipments by voluntary relief agencies:			
Europe.....	\$1,143,000	\$2,425,000	\$2,500,000
Near East.....		300,000	600,000
South Asia.....	154,000	1,000,000	1,200,000
Far East.....	53,000	600,000	100,000
Total, voluntary relief agencies.....	1,350,000	4,325,000	4,400,000
Shipments by parcel post (undistributed by area).....	841,078		
Inland transportation subsidies on shipments of surplus agricultural commodities by voluntary relief agencies.....		1,000,000	
Total.....	2,191,078	5,325,000	4,400,000

Comparative summary of expenditures and program activity for ocean-freight subsidies

	Program		
	Actual fiscal year 1953	Estimated fiscal year 1954	Proposed fiscal year 1955
Expenditures for ocean freight.....	\$1,350,000	\$4,325,000	\$4,400,000
Weight of relief supplies (pounds).....	93,000,000	211,250,000	220,000,000
Value of relief supplies.....	\$21,000,000	\$62,000,000	\$65,000,000

J. CONTROL ACT EXPENSES (SEC. 410)

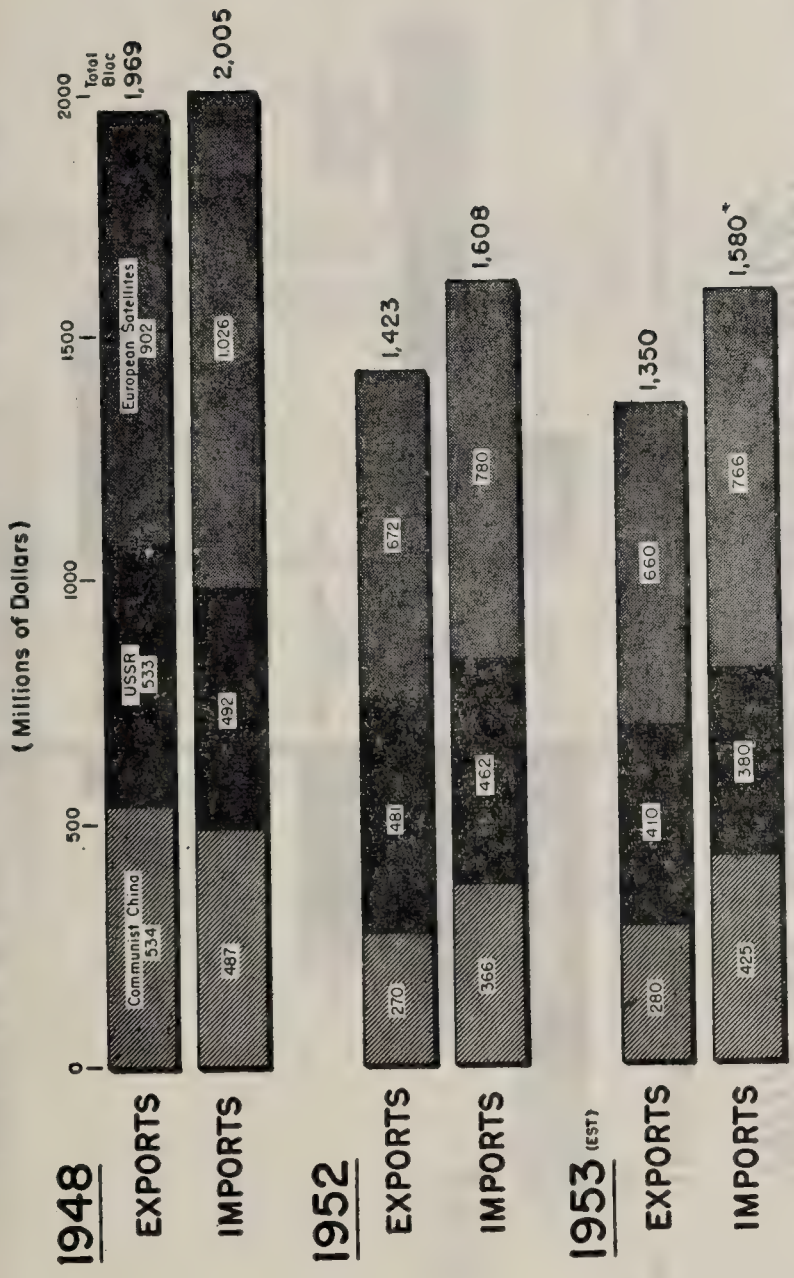
This section authorizes an appropriation of \$1,300,000 for fiscal year 1955 to carry out the objectives of the Mutual Defense Assistance Control Act of 1951, known as the Battle Act.

In previous years Battle Act funds were included in military funds provided under the Mutual Defense Assistance Act of 1949, as amended. Section 303 of the Battle Act authorized the use of military assistance funds in such amounts as the President should direct to carry out the Battle Act. This section provides a separate appropriation to carry out the Battle Act, but further provides that military assistance funds may also be used to carry out the Battle Act in such amounts as the President shall direct. It is desirable to continue this provision to give flexibility for meeting unforeseen requirements in the control of East-West trade.

During the period July through December 1953 shifts in emphasis took place in United States economic defense policy toward the Soviet bloc in Europe. This policy was the subject of extensive hearings by the Subcommittee on Foreign Economic Policy of this committee, under the chairmanship of the Honorable Jacob K. Javits. Because of the importance of the material developed, the hearings were printed as a public document. These shifts in emphasis have also been fully described in the fourth Battle Act report to the Congress by the Director of the Foreign Operations Administration, May 17, 1954.

It is pointed out that the organization of the economic defense program of the United States, of which the Battle Act is a part, involves 10 agencies working together—FOA, State, Defense, Commerce, Treasury, Central Intelligence Agency, Agriculture, Export-Import Bank, Atomic Energy Commission, and Office of Defense Mobilization. The overall policy is not set by any one department but by the President and the National Security Council. The implementation of the policy is the joint responsibility of the Secretary of State and the Director of FOA. Administration of the Battle Act itself is one of the responsibilities of the Director of FOA, assisted for this purpose by a Deputy Director for Mutual Defense Assistance Control.

FREE WORLD TRADE WITH THE SOVIET BLOC

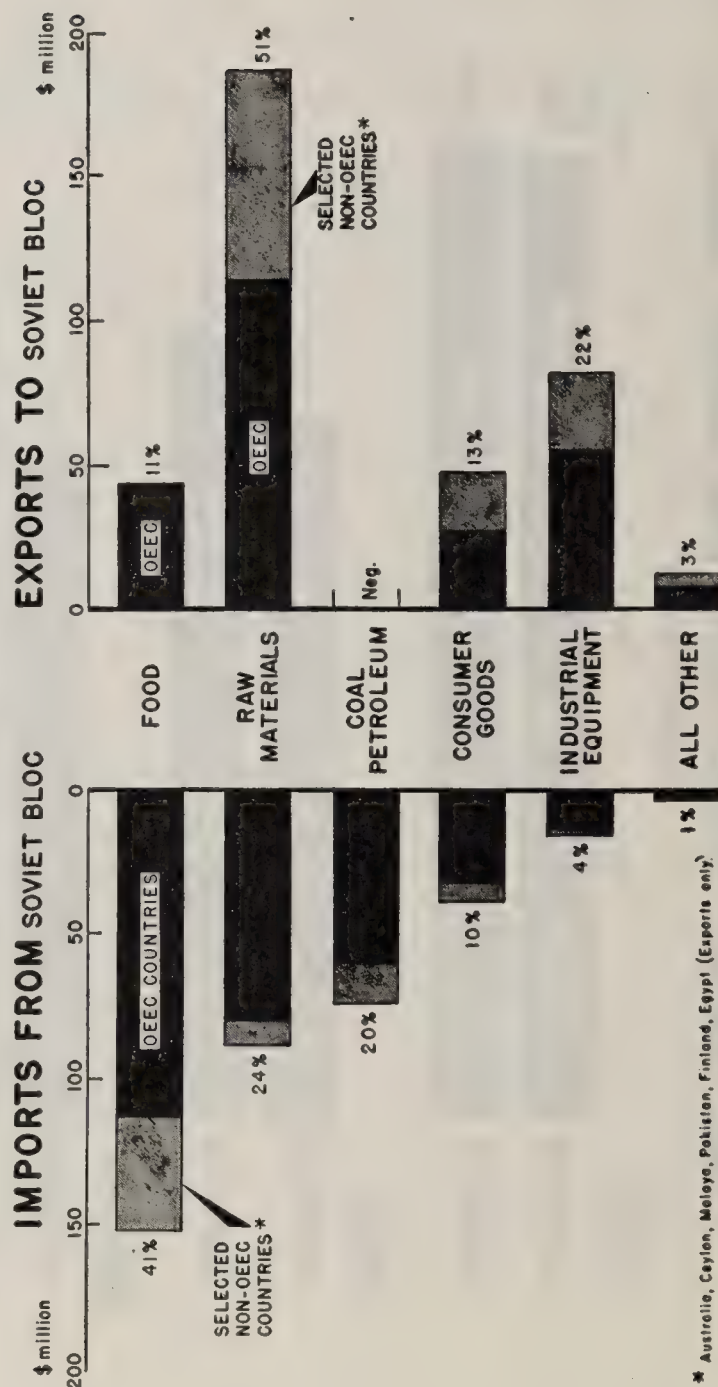


* INCLUDES \$9 MILLION IMPORTED BY UNITED STATES FROM OUTER MONGOLIA

SOURCE: OFFICIAL STATISTICS OF FREE-WORLD COUNTRIES, COMPILED BY COMMERCE DEPARTMENT. NOT ADJUSTED FOR PRICE CHANGES. ALSO NOT ADJUSTED TO EXCLUDE SWISS WATCHES WHICH APPEAR IN OFFICIAL STATISTICS AS EXPORTS TO CHINA BUT ACTUALLY WENT TO HONG KONG AND OTHER FREE-WORLD DESTINATIONS.

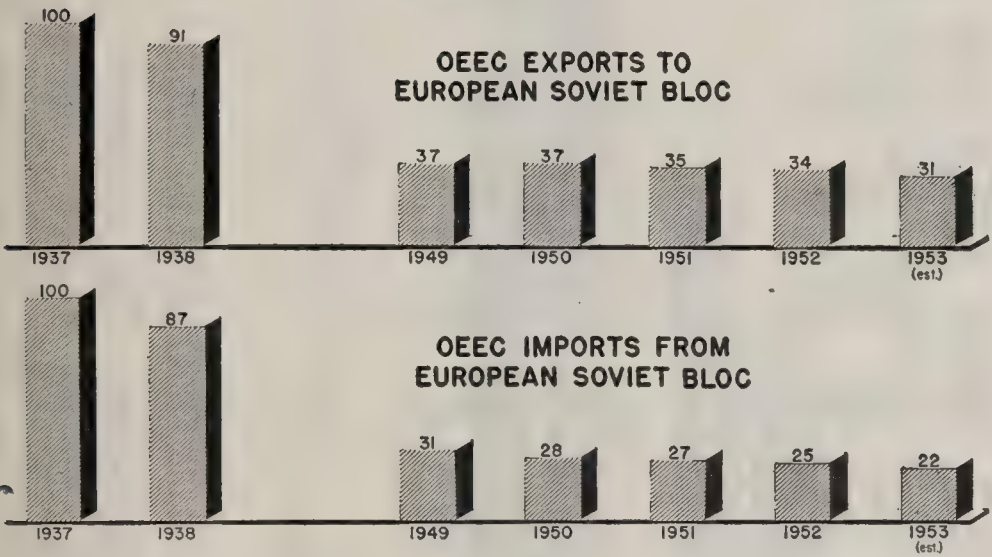
COMMODITY COMPOSITION OF FREE WORLD TRADE WITH THE EUROPEAN SOVIET BLOC

(January - June 1953)

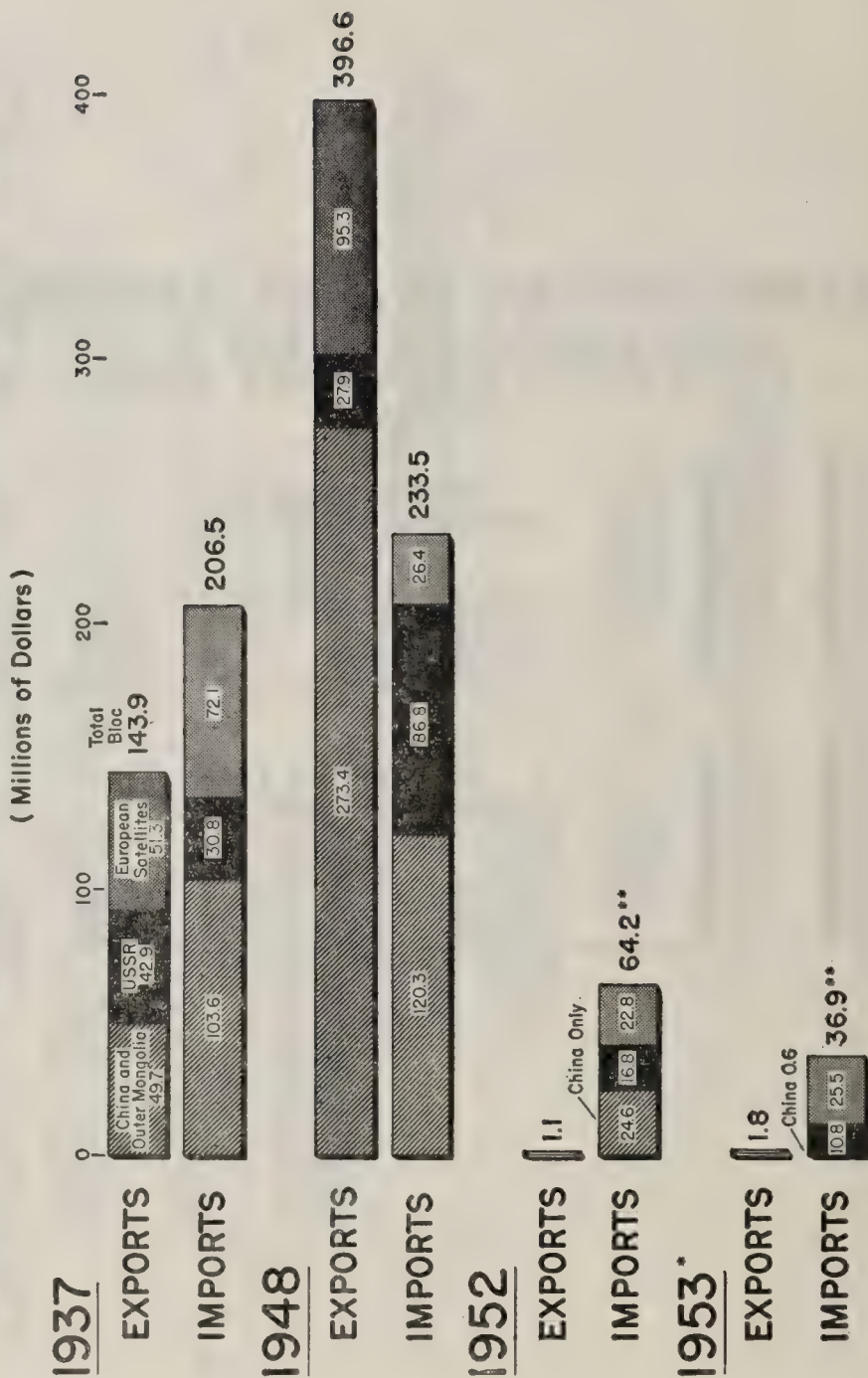


VOLUME OF TRADE OF OEEC COUNTRIES WITH EUROPEAN SOVIET BLOC

INDEX: 1937 = 100



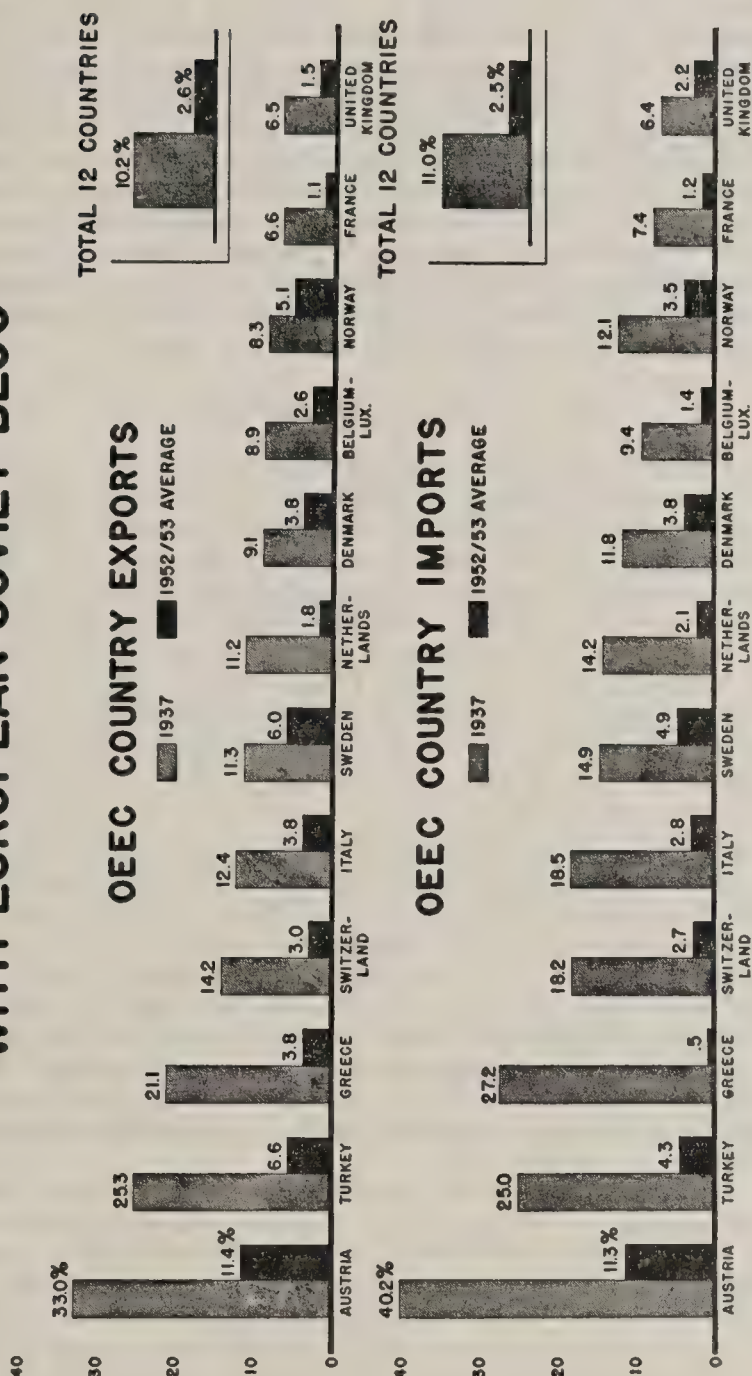
UNITED STATES TRADE WITH THE SOVIET BLOC



* Estimated

** Excludes Outer Mongolia

IMPORTANCE OF SOVIET BLOC TRADE PERCENT OF TOTAL TRADE WITH EUROPEAN SOVIET BLOC



K. ADMINISTRATIVE EXPENSES (SEC. 411)

This section authorizes an appropriation of \$35,900,000 for fiscal year 1955 for administrative expenses other than those for military assistance (ch. 1 of title I). Expenses necessary to administer that program will be paid out of funds appropriated under section 103 (a), dealing with authorizations for such program, as provided in section 103 (b). In accordance with usual practice, the section permits certain types of administrative expenses overseas without regard to such laws and regulations concerning Government expenditures as the head of any agency having responsibility for expenditure of such funds may specify, where necessary to accomplish the purposes of the bill. The provision of subsection (a) is particularly to be noted, requiring that expenses of administration of the Mutual Security Act be paid for in local currency. It is the desire of the committee that this requirement be complied with whenever possible.

L. STRATEGIC MATERIALS (SEC. 412)

This section authorizes initiation of projects to increase the supply of materials in which deficiencies or potential deficiencies in supply exist in the United States or among nations receiving United States assistance. It is based upon MSA section 514, which authorized projects for increasing supplies of materials deficient in countries receiving United States aid, and MSA section 519 (b), which authorized purchase of local currency for the purpose of increasing production of materials deficient in the United States.

This program, initiated in fiscal year 1953 pursuant to section 514 of the Mutual Security Act of 1951, as amended, is designed to increase the production of critical materials in short supply in the free world, including the United States. It is not to be confused with programs authorized under separate legislation to satisfy the requirements of the United States strategic stockpile. Economic assistance authorized elsewhere in this bill may include promotion of basic raw materials production as a part of a country aid program. Section 412 provides specific authority for the initiation of projects, not necessarily part of a country aid program, which will increase the supply of essential raw materials in which the free world is or may become deficient. It is primarily a loan program and it has emphasized, and continues to emphasize, projects that tackle bottlenecks to the orderly development of materials production in the underdeveloped areas through normal investment channels.

Projects have been carried on more in the field of ancillary production facilities, such as transportation and power facilities, than in the actual development of raw material resources. The actual development of such resources is best accomplished through private enterprise and the investment of private capital, but many private enterprises have apparently been reluctant or unable to undertake such development of materials because of the lack, or inadequacy, of other supporting facilities. The program is designed to overcome these deficiencies and lay the necessary groundwork for private enterprise.

This program has been slow in getting underway, although \$19 million was appropriated for fiscal year 1954. In view of this fact, no new authorization is provided. The section authorizes the carry-

over of any unexpended balance of the \$19 million. This should be sufficient to bring to the program the accomplishment which the committee expects will be achieved during fiscal year 1955 if the program is to be authorized thereafter.

FOREIGN OPERATIONS ADMINISTRATION

Fiscal year 1954 basic materials development appropriation

	Appropriation	Approved program	Actual status, May 31, 1954	
			Obligations	Expenditures
Total.....	\$19,000,000	\$18,430,000	\$7,000,000	.....
Basic materials development loans.....		11,430,000	.....	.....
Southern Rhodesian Railways.....		(10,000,000)	.....	.....
Mauritanian copper.....		(1,430,000)	.....	.....
Coal Steel Community loan.....		² 7,000,000	7,000,000	.....

	Estimated status, June 30, 1954			
	Obligations	Expenditures	Unobligated balance	Unexpended balance
Total.....	\$18,430,000	.....	¹ \$570,000	\$19,000,000 ²
Basic materials development loans.....	11,430,000	.....	.....	.....
Southern Rhodesian Railways.....	(10,000,000)	.....	.....	.....
Mauritanian copper.....	(1,430,000)	.....	.....	.....
Coal Steel Community loan.....	7,000,000	.....	.....	.....

¹ Reappropriation is requested for fiscal year 1955.
² Provided under the authority of sec. 513 (b) of the Mutual Security Act of 1951, as amended. Balance of the \$100 million loan is funded from other accounts.

M. CHINESE AND KOREAN STUDENTS (SEC. 413)

This section continues the authority of the Secretary of State to complete a program for paying the educational and related costs of Chinese and Korean students in the United States. This section does not authorize the appropriation of new funds but, in accordance with MSA section 302 (c), continues available until expended the unexpended balance of the \$6 million authorized for this purpose in section 202 of the China Area Aid Act of 1950. Funds for this program were earlier provided by the Foreign Aid Appropriation Act, 1950, and although not referred to in this section, the unexpended balance of these funds also remains available until expended as provided in that appropriation act.

The unexpended balance as of June 30, 1954, is estimated at \$850,847, while the unobligated balance is expected to be \$609,658.

N. ENCOURAGEMENT OF FREE ENTERPRISE AND PRIVATE PARTICIPATION (SEC. 414)

1. *Reaffirmation of policy*

This section is a reaffirmation of congressional policy contained in mutual security legislation on the encouragement of free enterprise, competition, and trade, and on the strengthening of free labor unions, as well as on policy regarding the encouragement of participation of United States private enterprise in the achievement of the purposes of this bill. Secretary of State Dulles, Foreign Operations Administrator

Stassen, and other executive branch witnesses during their testimony before the committee all emphasized the importance of private enterprise as an arm of American foreign policy.

2. Broadening the guaranty coverage

One of the important aspects of private enterprise participation has been the guaranty program. Through the investment guaranty program, the United States Government offers, for a fee, a form of insurance protection to new American investments abroad against the risks of currency inconvertibility and loss through confiscation or expropriation. Protection against currency inconvertibility was authorized by the Economic Cooperation Act of 1948, while protection against confiscation and expropriation was authorized by the Economic Cooperation Act of 1950 and made available in June 1951. Because of the importance which this committee has attached to private enterprise participation in the mutual security program, the Subcommittee on Foreign Economic Policy was directed to conduct a thorough study of the Mutual Security Act and overseas private investment, including guaranties, during the 1st session of the 83d Congress. The subcommittee issued its report on June 3, 1953, in which a number of recommendations were made to broaden the guaranty program. Many of those recommendations were adopted by the Congress and, together with action taken by the committee in earlier legislation, have made possible a wider investor participation in the mutual security program. Recently, the President's Commission on Foreign Economic Policy (Randall Commission) recommended that guaranty coverage be extended to include not only expropriation and inconvertibility of exchange, but also the risks of war, revolution, and insurrection. This section follows that recommendation.

3. Guaranties issued

Investment guaranties issued through May 31, 1954

Investors	Product	Convertibility	Expropriation
DENMARK			
Ray-O-Vac International, Inc.....	Leak-proof batteries.....	\$182, 500	-----
FRANCE			
Concrete Chemicals Co.....	Concrete admixes.....	90, 000	-----
Corhart Refractories Co., Inc.....	Refractories.....	70, 000	-----
Dana Corp.....	Automotive parts.....	200, 000	-----
Dow Corning Corp.....	Silicones.....	304, 950	-----
Ford Motor Co.....	Trucks and cars.....	920, 108	-----
Foster Wheeler Corp.....	Construction engineer.....	213, 500	-----
Fruehauf Trailer Co.....	Truck trailers.....	437, 500	-----
Heyden Chemical Corp.....	Streptomycin.....	300, 000	-----
Hohenstein, Walter F.....	Polysterne.....	56, 000	-----
International Water Corp.....	Water wells.....	51, 000	-----
Morrison-Knudsen Co., Inc.....	Construction engineer.....	252, 000	-----
National Fastener Corp.....	Slide fasteners.....	17, 500	-----
Rohm & Haas Co.....	Agricultural fungicides.....	441, 100	-----
Singer Manufacturing Co.....	Sewing machines.....	717, 000	-----
Standard Oil Development Co. ¹	Oil refinery.....	550, 000	-----
Do. ¹	do.....	504, 000	-----
Yoder Co., the.....	Metal-working machinery.....	204, 500	-----

¹ Capital goods.

Investment guaranties issued through May 31, 1954—Continued

Investors	Product	Convertibility	Expropriation
GERMANY			
Godfrey L. Cabot, Inc.	Carbon black	\$1,000,000	
Firestone Tire & Rubber Co.	Tires and tubes	1,841,700	\$1,052,400
Gardner-Denver Co.	Mine-car loaders	140,000	
Houghton, E. F. & Co.	Chemicals and lubricants	93,150	
Johns-Manville Co.	Asphalt tile	350,000	
Otis Elevator Co.	Elevators and elevator equipment		250,831
Raytheon Manufacturing Co.	Radar and sonar equipment	93,500	
ITALY			
American Home Production Corp.	Pharmaceuticals	1,082,350	640,572
Associated Seed Growers, Inc.	Seed cultivation	87,500	150,000
Caltex Oil Products Co.	Oil refinery	4,630,000	
National Aluminate Corp.	Boiler compounds	1,331,000	271,000
Otis Elevator Co.	Elevators and elevator equipment	192,500	
Joseph Pacifico	Building stone	20,000	
Standard Oil Co. (New Jersey)	Oil refinery	14,487,500	
Syntroon Co.	Vibratory materials handling equipment	36,000	
Westinghouse Air Brake Co.	Railroad equipment	60,300	
THE NETHERLANDS			
H. J. Baker Bro.	Castor-oil derivatives	16,085	19,800
H. H. Sonnenberg	Venetian blinds	175,000	
Sparkler International	Industrial filters	16,488	
Tokheim Oil Tank & Pump Co.	Oil tanks and pumps	350,000	200,000
TURKEY			
Charles Lockton	Pharmaceuticals	96,863	
E. R. Squibb & Sons	do.	2,711,450	
UNITED KINGDOM			
Barber-Greene Co.	Construction machinery	47,565	
Godfrey L. Cabot, Inc.	Carbon black	2,025,000	
Cooper Alloy Foundry Co.	Stainless steel valves	153,500	
Cone Automatic Co.	Automatic screw machines	262,500	
Dictaphone Corp.	Dictaphones	350,000	
Thomas A. Edison, Inc.	Miners lamps	250,000	
Euclid Road Machinery Co.	Earth-moving equipment	857,500	
General Time Instruments Corp.	Clocks and watches	1,000,000	
Jacobs Manufacturing Co.	Drill chucks	584,150	
Knott Hotels Corp.	Hotel operation	1,436,100	
Leeds & Northrup Co.	Control measuring instruments	392,000	
Metallizing Engineering Co., Inc.	Metal spray equipment	103,750	
McGraw-Hill International Corp.	Publishing	40,000	
Minneapolis-Honeywell Regulator Co.	Regulating instruments	300,000	
Parke, Davis & Co.	Pharmaceuticals	735,000	
Pocket Books, Inc.	Publishing	218,750	
S. F. Appliances	Home appliances	49,000	
E. R. Squibb & Sons	Pharmaceuticals	735,000	
Standard Brands, Inc.	Soluble coffee	75,000	
Universal Oil Products Co.	Catalyst for petroleum refining	750,000	
Total (66)		44,687,859	2,584,603

It will be noted from the above table that thus far 66 guaranties have been issued, of which 59 are for convertibility and 7 for expropriation. It will be further noted that all are in Europe. None of the guaranties has been called upon, and close to \$1 million in fees have been taken in by the United States Government.

4. Pending guaranty applications

That there is a need for a continuation of the program is readily apparent from the following table of pending applications. Also, it is expected that with the broadening of guaranty coverage to include

protection against the risks of war, revolution, and insurrection, applications should increase substantially.

Investment guaranties—Pending applications, as of May 31, 1954

Country	Product	Convertibility	Expropriation
Belgium	Materials handling equipment	\$849,700	
	Typewriters	105,000	\$130,000
	Steel buildings	320,000	320,000
	Replacement parts for trucks	208,800	
	Total	1,483,500	450,000
China	Oil refinery	2,200,000	2,000,000
	Electric generating equipment	1,840,000	1,840,000
	Total	4,040,000	3,840,000
France	Latex emulsion paint	12,000	
	Materials handling equipment	750,000	
	Dredges	635,500	100,000
	Ceramic colors	318,000	268,000
	Styrene monomer	465,000	
	Welding materials	1,050,000	
	Radio communication equipment	150,000	
	Meat casings	836,500	548,000
	Package soups	55,000	37,000
	do.	30,000	30,000
	Replacement parts for trucks	1,291,800	
	Total	5,593,800	983,000
Germany	Automobiles		3,600,000
	Industrial engineering	151,675	189,175
	Deoxidizing process		17,500
	Elevators and elevator equipment	450,000	
	Replacement parts for trucks	97,800	
	Scientific instruments	62,500	62,500
	Total	761,975	3,869,175
Greece	Bauxite mining	1,300,000	1,300,000
	Management services, electric power system (capital goods)	4,700,000	
	Sugar refining	1,961,750	1,121,000
	Oil refinery	7,310,000	7,310,000
	Shoes	100,000	
	Pharmaceuticals	554,000	
	Total	15,925,750	9,731,000
Israel	Rubber tires and tubes	1,050,000	1,050,000
	Automotive assembly units/parts	1,650,000	1,650,000
	Textile plastics	175,000	100,000
	Total	2,875,000	2,800,000
Italy	Chemicals and lubricants	24,794	
	Marine engineering	87,500	100,000
	Aircraft	12,224,250	
	Brake bonding materials and equipment	100,000	
	Radar marine equipment	180,000	
	Electronic tubes	329,000	
	Pharmaceuticals	175,000	175,000
	do.	43,725	43,725
	Meat casings	254,000	217,160
	Replacement parts for trucks	13,800	
	Oil refinery	12,322,000	6,400,000
	Decalcomania transfers	38,250	
	Total	25,792,319	6,935,885
Netherlands	Leather finishers	100,000	200,000
	Writing ink	1,750	1,000
	Oil-burning equipment	35,000	35,000
	Replacement parts for trucks	167,200	
	Total	303,950	236,000
Philippines	Aluminum refinery	2,030,000	1,160,000
	Metal drums	595,000	200,000
	Total	2,625,000	1,360,000

Investment guaranties—Pending applications, as of May 31, 1954—Continued

Country	Product	Convertibility	Expropriation
Spain.....	Pharmaceuticals.....	\$1,000,000	
	Water treatment compounds.....	532,500	\$300,000
	Total.....	1,532,500	300,000
Turkey.....	Construction of rock gallery (capital goods).....		
	Hotel operations.....	632,000	
	Pharmaceuticals.....		96,863
	do.....		355,350
	Total.....	632,000	452,213
United Kingdom.....	Decalcomania transfers.....	50,000	
	Hotel operations.....	210,000	
	Replacement parts for trucks.....	255,500	
	Total.....	515,500	
	Grand total.....	62,081,294	30,957,273

There are some 86 applications being processed, and, as indicated in the above table, they cover a variety of business activities.

5. *Lack of progress in Latin America*

Agreements have been concluded with 19 countries to institute the program, only one of which is a Latin American country, Haiti. Last year in its report on the Mutual Security Act of 1953, the committee stated:

The progress of the guaranty program in the underdeveloped areas, particularly in Latin America, has, in general, been disappointing. It is to be expected that the broader coverage required by this bill, coupled with an imaginative and realistic approach to the guaranty program by the executive branch, will strengthen the role of guaranties in the mutual security program not only in the underdeveloped areas but elsewhere as well (H. Rept. 569, 83d Cong., 1st sess., p. 58).

The difficulty with the program in Latin America was brought out during the following colloquy between the Hon. E. Ross Adair and Mr. Steuart L. Pittman, Assistant General Counsel, Foreign Operations Administration, during the latter's testimony before the committee:

Mr. ADAIR. It is my understanding that one of the fields in which this program had been expected to operate, or it was hoped it would operate most effectively, would be South America and possibly Central America. I understand it has not been as effective as hoped in that area. Would you address yourself to that point?

Mr. PITTMAN. What you say is perfectly true. The program is in operation in only one Latin American country, which is Haiti. The difficulty has been that we have felt it necessary and desirable to enter into agreements with each country that participates in this program, agreements dealing generally with—well, first of all, expressing a willingness on their part to have the United States insure its citizens against possible contingencies in their country, and secondly to deal with the problem of how this Government will handle claims against that foreign government and currencies of that government in the event that it becomes subrogated to those claims and currencies, if it pays off on a guaranty, which I think is more accurately thought of as an insurance policy.

The Latin American countries that have been approached—and the principal ones in which investor interest in guaranties have been shown have been approached—have not responded. I think it is fair to say that the approach was made some 18 months or 2 years ago and we have recently come to the conclusion in the State Department and in FOA that the Latin American Republics may not have a full appreciation of what this program might do for them, and we propose to find ways, in the case of particular countries, to make sure that they do understand its potentialities. We have so far approached them primarily from the point of view of negotiating an international agreement rather than in terms

of specific proposed investment. The agreement contains in it a requirement that if a claim against that country, in the event of expropriation of an American citizen by them is taken over by the United States Government, the United States may deal with that country on a diplomatic level, and if no settlement is arrived at, it can resort to international arbitration. This runs into conflict with certain basic policies and constitutional provisions of some of the Latin American countries. Some way to adjust the program to this situation in Latin America is yet to be worked out.

Mr. ADAIR. From what you say I take it there is an awareness that the program is not doing well in Latin America?

Mr. PITTMAN. Absolutely, and the reason is the one I am giving I believe. We have built up acceptance in 19 countries of the world of this system whereby the United States would become subrogated to claims of this character, and acceptance of international arbitration. We think there is some value in this and we don't propose lightly to abandon it.

On the other hand, we think in the course of negotiations with particular Latin American countries—if we can bring those negotiations about—we might find ways of adjusting to their policies and still retain the essence of the present method of operating this program (hearings, pp. 1041–1042).

While the committee recognizes that problems have been encountered in adjusting and substantially extending the program to Latin America, it is not satisfied that more could not be done to this end. Again it seems possible that some Latin American Republics might be prepared to give the necessary undertaking with respect to individual prospective investments the value of which can be clearly seen, whereas an international agreement with blanket application to a long-range program of investment promotion may be initially unacceptable. While the committee has been informed that these possibilities are included in various proposals under consideration in FOA to move the program forward in Latin America, the fact remains that practically nothing has been accomplished in 2 years. Accordingly, the committee feels it necessary to again emphasize that it is the intention of Congress, expressed in that provision of the guaranty legislation carried over in the present bill as section 414 (b) (3) (G), that the guaranty program—

shall be used to the maximum practicable extent and shall be administered under broad criteria so as to facilitate and increase the participation of private enterprise in achieving any of the purposes of this Act.

In order to insure that nothing in the guaranty legislation can be counted among the obstacles to extending the program to new countries, section 414 (b) (3) (A) has been so worded that there be a maximum of flexibility in the evidence required to establish that the investment is acceptable to the foreign government concerned. The committee reemphasizes its expectation that ways and means will be found by the executive branch to achieve substantial progress in Latin America within the broad legislative mandate and framework contained in this section. The committee also expects that the United States delegation to the inter-American economic conference scheduled to be held in Rio de Janeiro next November will take these views into account.

6. The guaranty fund

The guaranty fund is available both to the investment guaranty program and, subject to a statutory limitation of \$10 million per year, to the informational media guaranty program, which is separately administered by the United States Information Agency. (See sec. 544 (a)). The guaranty fund is revolving only in a very limited sense in that funds released from guaranty commitments can be

used for new guaranties. This happens as the face amounts of guaranties are reduced from time to time (either by withdrawals from the investment or because the guaranteed investor has become acclimatized and no longer feels the need of insurance protection). The source of the guaranty fund is four notes which have been issued by the Administrator of the Economic Cooperation Administration to the Secretary of the Treasury before 1951 in varying amounts aggregating \$200 million. As has already been stated, the United States Government has collected close to \$1 million in fees, and no guaranties have been paid by the Government under the investment guaranty program.

7. Importance of section

This section represents an important aspect of the mutual security program, and it is intended that it be implemented. That there is an awareness of its importance by the executive branch is indicated by the interchange between Hon. Jacob K. Javits and Mr. Stassen during the latter's testimony:

MR. JAVITS. Governor, is there any optimum figure which the Administration has for overseas private investment, per year, and can we be helped to attain that figure by broadening the investment guaranties under the Mutual Security Act to include war, revolution, and civil disorder?

MR. STASSEN. You can be helped by doing that, and I believe that is also a recommendation in the President's message on the Randall Commission report, and our observation is that, in a broad way, every dollar of United States private funds invested abroad takes the place of at least \$3 of governmental grants and gets the same results. We would hope that over a period of the next 5 years, the rate of United States private investment abroad would double (hearings, p. 58).

O. EMIGRATION TO U. S. S. R. (SEC. 415)

This section authorizes the use of funds available under any provisions of the bill to pay the expenses of travel of any resident in the United States to the Soviet Union for the purpose of establishing permanent residence there on condition that such person shall not be readmitted to the United States. The authority is discretionary. It is not anticipated that many people in the United States will want to take advantage of this opportunity. To the extent that there are such people, the committee believes that money used for this purpose would be well spent.

P. MUNITIONS CONTROL (SEC. 416)

This section has been included at the request of the executive branch in order to tighten the control on exports and imports of munitions and to relieve commercial enterprises of the burden of unnecessary detail and red tape required under existing legislation. The section contains the essential provisions of H. R. 6344, a bill introduced by the Honorable Albert P. Morano, which, after hearings by a special subcommittee, had been approved by the committee March 16, 1954.

The basic law regulating the export and import of arms, ammunition, and implements of war is section 12 of the joint resolution approved November 4, 1939 (the Neutrality Act, Public Res. 54, 76th Cong.). In addition, the Export Control Act of 1949, as amended (Public Law 11, 81st Cong.), which expires June 30, 1956, gives the President

broad authority to control all kinds of exports for a variety of purposes. Exports of helium are controlled by the act of March 3, 1925, as amended (Helium Act) and exports of atomic energy materials, by the Atomic Energy Act of 1946, as amended (Public Law 585, 79th Cong.).

The Neutrality Act established a National Munitions Control Board under the chairmanship of the Secretary of State, who also is executive officer, together with the Secretary of the Treasury, the Secretary of War, the Secretary of the Navy, and the Secretary of Commerce. The law assigns to the Secretary of State responsibility for the registration of persons manufacturing, exporting or importing arms, ammunition, and implements of war, and for the issuance of licenses for the export and import of these items. This Board, together with the Secretary of the Interior, must recommend the approval of exports of helium. The administration of the Export Control Act of 1949 has been assigned by the President to the Department of Commerce.

Under the Neutrality Act licenses for imports and for exports can only be denied when a shipment would violate a law or treaty of the United States. The Export Control Act of 1949 authorizes the denial of export licenses which do not further the foreign policy of the United States or are not in the interest of national security. This authority is used by the Secretary of State to control the export of munitions. There is no corresponding authority available for limiting the import of munitions.

The Neutrality Act provides that everyone manufacturing, exporting, or importing munitions must register, that every export or import, even if it consists only of a single screw for replacement, must be licensed, that the terms of each sale must be submitted, and that the Board must report to Congress the details of each license including the terms of sale. There is little opportunity for the Secretary of State to adopt simplified procedures or the new licensing techniques which have been developed as a result of United States experience with controls since 1939.

This section replaces the following provisions of existing law for the reasons enumerated.

Section 12 of the joint resolution approved November 4, 1939 (the Neutrality Act), is repealed in order to eliminate the National Munitions Control Board, to eliminate the burdensome reporting requirements and to provide greater administrative flexibility as outlined above.

Section 4 of the act of March 3, 1925, as amended (the Helium Act), is repealed. This section deals with exports of helium and assigns certain responsibilities to the National Munitions Control Board which will be eliminated by this bill. This bill gives the President adequate authority for controlling the export of helium by including it among arms, ammunition, and implements of war.

Section 968 of title 18, United States Code, is repealed. This section deals with control of exports of war materials to Latin American countries in which the United States exercises extraterritorial jurisdiction and where conditions of domestic violence exist. The provisions of section 416 are broad enough to include these specific cases while the retention of this legislation creates an unfavorable impression among other nations.

Repeal of these provisions is provided in subsection (a) of section 542.

Section 416 is designed to strengthen United States controls over the export and import of arms, ammunition, and implements of war. It is assumed that these responsibilities will continue to be performed by the Department of State with appropriate coordination with the Department of Defense.

Q. ASSISTANCE TO INTERNATIONAL ORGANIZATION (SEC. 417)

Plans are under consideration in NATO for the possible strategic stockpile of foodstuffs. Should this plan become a reality, it would be desirable for the United States to render assistance for this purpose to NATO in this endeavor. This section provides authority for direct assistance (including by transfer of funds) to NATO and permits the use of funds available under the provisions of this bill dealing with defense support (sec. 131) and special assistance in joint control areas (sec. 403). While the primary purpose of this section is to provide authority for assistance to NATO in connection with the foodstuffs stockpile, it is recognized that assistance may also be desirable for other related purposes.

R. FACILITATION AND ENCOURAGEMENT OF TRAVEL (SEC. 418)

1. Contribution of travel

This section finds its origin in section 117 (b) of the Economic Cooperation Act of 1948 and in House Joint Resolution 350, to promote the foreign policy of the United States by fostering international travel and the exchange of persons, introduced on January 14, 1954, by the Honorable Jacob K. Javits, chairman of the Subcommittee on Foreign Economic Policy. The subcommittee, the other members of which are Messrs. Donald L. Jackson, Karl M. LeCompte, Laurie C. Battle, and Burr P. Harrison, held extensive hearings on the resolution, during which widespread support was given by the Federal Government, the travel industry, trade unions, farm and civic organizations and publications. Travel is the single greatest contribution the United States can make to "trade, not aid." International travel by United States residents aggregates 1 million persons who spend \$1,300 million a year abroad. The potential increase of international travel is estimated to aggregate \$2,400 million annually. As Wallace J. Campbell, president of the American Travel Association, told the subcommittee:

International travel is the most painless way to provide a partial answer to the dollar gap and yet give America its money's worth in foreign expenditures (hearings of the Subcommittee on Foreign Economic Policy on H. J. Res. 350, p. 90).

2. Removal of impediments and restrictions

The impediments to travel include cumbersome documentary requirements, currency restrictions, and other vexatious restrictions. While other governments take an active interest in promoting and facilitating travel, the United States Government does practically nothing. It is the purpose of this section to announce the policy of the United States to fill the vacuum presently existing in our Government's relations with other friendly countries and with the travel

industry and other organizations in the United States vitally interested in travel. The removal of impediments and restrictions requires in many cases government-to-government representations, with the active cooperation and assistance of private industry.

3. Cooperation with private enterprise

It is the intent of this section, as is the intent of House Joint Resolution 350, to make possible cooperation, and in no case competition, with the private domestic travel industry and other private agencies established for that purpose.

4. Randall Commission

This section gives legislative sanction to the findings and recommendations of the President's Commission on Foreign Economic Policy (Randall Commission) on the subject of travel:

It is clearly important to the economic and social development of the free world that the United States Government promote foreign travel. Increased travel abroad by Americans can make a substantial contribution over a period of time to increasing the dollar earnings of foreign countries. While tourist promotion should be primarily a private responsibility, the Commission appreciates that the Government cannot exercise its appropriate functions in respect to foreign travel at no cost whatsoever. There are many actions which the Government might take.

The Commission recommends consideration of means of facilitating the issuance of passports and visas to tourists, and close cooperation with foreign governments through our missions abroad to insure ease of entry and adequacy of accommodation for travelers abroad. The duty-free allowance for tourists which, in effect, now amounts to \$500 exercisable once every 6 months, should be increased to \$1,000. The President should direct the appropriate departments of the Government to encourage the promotion of tourism (H. Doc. 290, 83d Cong., 2d sess., p. 71).

V. TITLE V—MISCELLANEOUS PROVISIONS

A. CHAPTER 1—GENERAL PROVISIONS

1. *Transferability of funds (sec. 501)*

The provisions of section 106 (d) of this bill permit transfers of military sums between the several geographic areas. Section 501 complements those provisions by allowing the President to transfer money made available under any provision of this bill to funds made available under any other provision of the bill. The committee recognizes that the President must have some flexibility in the use of the money appropriated under this bill to take care of unforeseen contingencies. At the same time, it does not favor a complete distortion of congressional intent in authorizing the money. Under this section an appropriation (including any unexpended balance carried over) for any part of this bill may be increased or decreased within a range of 10 percent. In the case of transfers into title II (development assistance), 50 percent of the sum transferred must be furnished on a loan basis in accordance with the utilization of funds under that title. Funds transferred under this section to furnish military assistance may be expended without regard to the area ceilings imposed by 106 (c).

2. *Use of foreign currency (sec. 502)*

The availability is continued by subsection (a) of this section, without reimbursement to the Treasury, of local currency proceeds of surplus agricultural commodity sales made under section 550 of the Mutual Security Act. The purposes for which such currencies were originally usable under that section are continued in this bill. There is also contained an additional purpose to cover international educational exchange under the Fulbright Act.

Subsection (b) requires that local currency owned by the United States shall be made available to appropriate committees of the Congress engaged in carrying out their duties under section 136 of the Legislative Reorganization Act of 1946, for their local currency expenses. This provision is carried over from existing legislation. There is also incorporated in subsection (b) the substance of H. R. 7908, introduced February 16, 1954, by Hon. Karl M. LeCompte, chairman of the Committee on House Administration and a member of the House Foreign Affairs Committee. In language almost identical to that of H. R. 7908 this subsection requires that any such committee which uses local currency shall make a full accounting of such use to the Committee on House Administration, where a House committee is involved, or to the Committee on Rules and Administration of the Senate, where a Senate committee is involved. The accounting must show the total amount of local currency used in each country and the purposes for which the currency was expended. This conforms to past practice of the House Foreign Affairs Committee.

3. Termination of assistance (sec. 503)

This section requires the termination of all or part of the assistance furnished to any nation whenever the President determines that the furnishing of such assistance is no longer consistent with United States interests or foreign policy, would no longer contribute effectively to the purpose of the assistance, or is no longer consistent with United States obligations under the United Nations Charter, or in the case of military assistance, that such nation is not making its full contribution to its own defense or to the defense of the area of which it is a part. Termination by concurrent resolution of the Congress is also provided. After termination pursuant to this section, funds remain available for obligation for 1 year for the purpose of liquidating assistance programs so as to minimize waste and loss of effectiveness of assistance already furnished.

This section contains no provisions which are not in existing legislation although there has been a condensation of provisions of the Economic Cooperation Act, the Mutual Defense Assistance Act, the Act for International Development, and the Mutual Security Acts, and some language has been omitted.

4. Small business (sec. 504)

In recognition of the important contribution which small-business enterprises can make to the mutual security program, this section continues the substantive provisions of existing mutual security legislation on this subject. The President is directed to assist American small business to participate equitably in the furnishing by the United States of commodities and services provided under any of the programs of this bill, except chapter 1 of title 1 which deals with military assistance. The section requires that there be an Office of Small Business, headed by a Special Assistant for Small Business, in such United States Government agency as the President directs. Such an office is presently operating in the Foreign Operations Administration. As is presently the case, the two major functions of the office under this section are (1) to make available especially to small independent business enterprises in the United States advance information on purchases proposed to be financed under the programs, and (2) to make available to prospective purchasers abroad information on commodities and services produced by such United States enterprises. In addition, there is a third related function—to provide for additional services to give small business better participation opportunities.

As explained to the committee by Mr. Charles A. Richards, Director of Small Business, Foreign Operations Administration, in reviewing the accomplishments of this activity:

The Office of Small Business serves small businesses especially but never refuses its services to any business, regardless of size.

The Office makes available to the public useful information and documents, such as the Small Business Circular, which is sent out regularly to United States firms on small business mailing lists. Any firm having a United States address will be placed on a mailing list on receipt of a written request. Another service is the Small Business Memo. These contain procurement policies and procedures of the nations receiving assistance and other foreign trade information of value to United States firms. The central service is performed by

what is known as the Contact Clearinghouse Service. This service in the Office of Small Business publishes in the United States summaries of proposals made by foreign firms either seeking from United States firms industrial patents, processes, techniques, services, equipment, or capital; or offering their own patents and know-how. This service also publishes abroad specific investment proposals of American concerns. Mr. Richards informed the committee that more than 2,000 specific investment proposals have been gathered and disseminated through the Contact Clearinghouse Service since its inception in 1950.

The continuation of such an activity is part and parcel of the committee's repeated emphasis on the necessity for encouragement and facilitation of private enterprise contribution to the mutual security program.

5. Loan assistance (sec. 505)

This section requires that 10 percent of the amounts obligated from appropriations made under titles I and II of this bill shall be used to make loans. This requirement does not apply to funds carried over from appropriations for prior years. If the full amount authorized under these sections is appropriated, the ultimate amount required to be obligated in the form of loans would be 10 percent of \$3,384,880,000, or \$338,488,000. It is contemplated that the obligations under titles I and II will occur over a period of years, so that the amount of loans in fiscal year 1955 will probably be much less than the theoretical total mentioned above. The committee feels that it is important, however, that our Government and recipient governments get to thinking more about loans instead of grants. This requirement will insure this result. If such thinking causes other countries to seek IBRD or Export-Import Bank loans, or private loans, rather than applying for grants or loans under this act, this provision will have served its purposes without cost to our Government.

In accordance with procedures established in existing legislation, the Export-Import Bank is directed to administer loans made under the authority of this section. Amounts received in repayment of principal and interest on loans made under this section are to be held in the United States Treasury to be used for such purposes as Congress may authorize.

6. Patents and technical information (sec. 506)

This section continues in force, without change, section 517 of the Mutual Security Act of 1951, as amended, and provides in certain cases an exclusive remedy by suit for compensation to persons whose patent or other proprietary rights have been infringed by reason of disclosures in connection with the furnishing of assistance under this bill. In addition, heads of appropriate agencies furnishing aid may use assistance funds in making full settlement of claims made under this section. The need for the provisions of this section were explained by the committee in its report on the Mutual Security Act of 1951:

One of the real impediments to the implementation of the Mutual Security Program is the present delays in transmitting information and know-how to foreign manufacturers and in making patentable inventions available to producers for this program. Both patentable inventions and technical information are included within the scope of this section.

There is a vast amount of technical information in Government files, including know-how, trade secrets, and engineering information. There are certain factual

and legal uncertainties as to the right and authority of the Government to disclose this information, arising from the question of property rights of the originators or owners. To remove the delays occasioned by these uncertainties and to assure just compensation to the owners of inventions and information utilized in the Mutual Security Program, this section provides a forum in which title may be adjudicated and in which value may be established in the event that it cannot be set by negotiations. In effect, the section makes applicable to patents and know-how used in the Mutual Security Program long established principles applicable to privately owned patents used by the United States Government.

This section also affects the use of patents without prior authorization by the owner. At present, by the act of June 25, 1910 (28 U. S. C. 1948), a remedy is provided for a patentee against the United States in the Court of Claims when a patented invention is used for manufacture "by or for the United States." It is important to remove any question as to the availability of this remedy in cases of infringements of United States patents in production for foreign governments. Otherwise, it might be possible for essential production to be stopped by injunction by an unsatisfied inventor. This section makes it clear that this remedy would be available only so long as the activities concerned form a part of the Mutual Security Program.

There is provided a 6-year period of limitations on suits under this section. The running of this period, however, is tolled during the time a claim for unauthorized use is being considered by a Government agency (H. Rept. 872, 82d Cong., 1st sess., p. 57).

These provisions have operated effectively since 1951 and the committee agrees with the executive branch that they are important in helping to supply our allies with the materials so vital to the mutual-security program, and should be continued in this legislation.

7. *Availability of funds (sec. 507)*

This section requires that except for activities carried on under certain designated sections of the bill, any funds to be used after the end of fiscal 1955 may be appropriated only after authorization by the Congress. This provision will make necessary an annual review by the congressional committees concerned with foreign policy of the various aspects of the Mutual Security Program.

Exception is made of the following provisions:

- (a) *Infrastructure*.—A 3-year authorization is provided in section 104.
- (b) *Weapons of advanced design*.—The funds authorized are made available until expended.
- (c) *Movement of migrants and refugees*.—It is expected that this program will not be included in any future mutual security legislation.
- (d) *Chinese and Korean students*.—The funds for this program are available until used up.
- (e) *Munitions control*.—This is a continuing operation which has been financed through the State Department budget.
- (f) *Encouragement of travel*.—The authority of this section is expected to be exercised by established agencies and departments of the Government wherever possible and to be financed in their budgets.

8. *Limitation on funds for propaganda (sec. 508)*

This section continues in effect the prohibition against use of funds authorized or counterpart funds to pay for the travel of United States citizens outside the United States for purposes of publicizing the Mutual Security Program in the United States or for other expenses of disseminating in the United States general propaganda in support of the Mutual Security Program.

The committee recognizes the desirability of preventing any use of funds for propaganda in support of the Mutual Security Program.

At the same time there should not be any interference with the supplying of full information to the Congress and to the public concerning the operations of the Mutual Security Program. The committee believes that it is possible for those responsible for the administration of the Mutual Security Act to maintain a sharp distinction between propaganda and the supplying of information as to the results attained under the program, and that this section should not interfere with the recognized procedures for keeping the public and the Congress informed.

9. Purchase of commodities (sec. 509)

This section retains the provisions of existing law which prohibit the financing of procurement at prices higher than the market price in the United States at the time of purchase, adjusted for differences in cost of transportation to destination, quality, and terms of payment, and which require that in general any agricultural commodity which is surplus in the United States shall be procured from domestic sources unless it is not available in the United States in sufficient quantity to supply the requirements of countries receiving defense support assistance.

A new provision is made that procurement of commodities outside the United States will not be made if the President determines that such purchases would be detrimental to the United States.

This section applies only to purchases under title II and chapter 3 of title I of this bill.

10. Retention and return of equipment (sec. 510)

Subsection (a) provides that United States military stocks shall not be used to furnish assistance if the Secretary of Defense, "after consultation with the Joint Chiefs of Staff," determines that to do so would be harmful to the security interest of the United States. The substance of the subsection is taken from the proviso in MDAA, section 401.

Subsection (b) states that equipment or materials procured for assistance abroad may be withheld or used by an agency of the United States when the President determines that such retention would further the best interests of the United States or when the Congress by concurrent resolution calls for such retention.

Subsection (c) provides that the President shall make appropriate arrangements with nations receiving military assistance for the return to the United States of equipment or materials no longer required for the purpose for which originally made available. The language is substantially that which is included in section 524 of the Mutual Security Act of 1951, as amended.

11. Penal provision (sec. 511)

During its consideration of the Mutual Defense Assistance Act of 1949, the House Foreign Affairs Committee wrote into the legislation a penal provision with respect to procurement under that act. Section 511 of this bill broadens the area of procurement so as to include not only military assistance, which was formerly the case under the Mutual Defense Assistance Act, but also other programs covered by this bill. This has been done, in recognition of the principle that "influence peddling" in connection with the mutual security program is incompatible with the program's purposes and objectives. It is

against the interests of the United States and of the nations receiving assistance under the mutual security program to permit individuals employed by the executive branch in carrying out procurement duties or activities under the program to take advantage of such employment, either while still employed or within 2 years following the termination of such employment, by soliciting, accepting, or offering to accept any commission, payment, or gift in connection with such procurement. For the purpose of this section, the procurement involves the equipment, materials, commodities, or services covered by this bill. Likewise, the action of any individual in offering or giving to such an employee or former employee any commission, payment, or gift, in connection with such procurement is against the best interests of the United States and of the nations receiving assistance under the mutual security program. Both actions are criminal violations and subject to the fine and penalty contained in this section. The proviso in this section recognizes that members of the International Development Advisory Board or experts and consultants employed pursuant to section 530 (a) of this bill should not be subject to the provisions of this section, since the function of such persons is largely advisory rather than operational. This conforms to the central purpose of the penal provision.

12. Notice to legislative committees (sec. 512)

This section requires that notice be given to the Committee on Foreign Relations of the Senate, the Committee on Foreign Affairs of the House of Representatives, and, when military assistance is involved, the Committees on Armed Services of the Senate and the House of Representatives when the assistance to be provided under this bill differs substantially from the program presented to the Congress during the consideration of this bill.

This provision is included to prevent a recurrence of past situations where the funds authorized have been used for purposes which were not mentioned when the justification of the authorization was presented to the Congress. The practice followed in previous mutual security legislation and continued in this bill has been to authorize funds in relatively large segments to be distributed among countries and among programs at the discretion of the Executive. In order to know what sort of thing the funds provided are to be used for, but at the same time to allow flexibility in adjusting to changing conditions, the committees of Congress have considered "illustrative programs" which are supposed to indicate the intention of the Executive. There has never been any effort or desire to limit the funds authorized to these "illustrative programs." Nevertheless, the committee has found a number of instances where these "illustrative programs" have not illustrated what actually was done with the funds which were voted. For instance, in the "illustrative program" for India, presented in support of the program for fiscal 1954, \$639,000 was included for transportation, communications, and power. The program submitted for India as being carried out in fiscal 1954, as reported to the committee, included \$27,378,000 for this purpose. This figure includes \$20 million for the purchase of locomotives which had not been mentioned when the authorization request was presented to Congress. On the other hand, when the transfer of \$385 million of additional funds to Indochina was considered last year, ranking members of the

committee were consulted before the transfer was made. This type of cooperation is not always possible and is not required by this provision, but it is certainly desirable when big changes are made, and we hope the practice will continue.

The committee believes that the requirements of this section need not impose an undue administrative burden on the Executive. It is not required or desired that day-to-day operating adjustments in programs should be reported to the committees of Congress. It is anticipated that a new type of cooperation between the administrators of the Mutual Security Program and the committees of Congress will result from the enactment of this section. Whenever the Executive finds that funds authorized are to be used in a manner substantially different from that originally planned the committees should be advised of the change in plans.

In order to provide an automatic check on certain key items the section provides for notification when any of the following occur:

Whenever the authority to transfer funds under section 106 (d) or section 501 is utilized;

Whenever expenditures on a program or project are increased by 50 percent or more over the amount presented to the Congress;

Whenever the President makes a determination under section 401 (except for unvouchered funds);

Whenever any certification as to loyalty of personnel is made under section 531.

The executive branch suggested that this provision be interpreted as not requiring notice when a change is made as a consequence of reductions or other changes made by Congress itself either at the authorization or appropriation stage. The committee feels, however, that it would be helpful to be kept in touch with significant changes made for this reason. When reductions are made, something that was requested must be omitted. Committee knowledge of these required omissions might be helpful in the type of executive-legislative cooperation which this provision is meant to stimulate.

B. CHAPTER 2—ORGANIZATION AND ADMINISTRATION

1. Delegation of authority by the President (sec. 521)

The authority to furnish assistance and to perform other functions with respect to the mutual security program is placed in the President by this bill. Section 521 states that the President may exercise any such authority or function through any agency or officer of the United States and provides further that the head of any such agency or such officer may make rules and regulations and may delegate any of his authority (including his rulemaking power) to his subordinates.

Providing for the administration of the program by giving authority to the President to be delegated by him to such officers or agencies as he chooses was the basic plan followed in the Mutual Defense Assistance Act. The Economic Cooperation Act and the original Mutual Security Act established separate agencies and gave specific authority to the administrative head of each agency. The committee believes that the method under which the Mutual Defense Assistance Act was administered provides desirable flexibility and is best adapted to the present program.

2. Allocation and reimbursement among agencies (sec. 522)

Subsection (a) of this section permits the President to allocate any funds available to carry out this bill to any Government agency and states that such funds may be used by such agency under its own regular authority or under authority contained in this bill. This provision was contained in existing legislation.

Subsection (b) provides for the use of services and facilities of, and the procurement of commodities from, other United States Government agencies with the consent of such agencies or by direction of the President, and sets forth the manner in which reimbursement is made to the agency furnishing the services, facilities, or commodities.

Subsection (c) sets forth provisions applicable to allocation and reimbursement in connection with military programs. It is pursuant to this provision that military funds are allocated to the military services for procurement in accordance with service authority and procedures.

When an agency furnishes assistance under the authority of chapter 1 of title I, it shall be reimbursed from military assistance funds for its expenses and the value of what it furnished. Amounts received in such reimbursement are available for use by the agency on the same basis as the funds originally used.

Subsection (d) provides for reimbursement to Government agencies in the case of nonmilitary expenditures.

Subsection (e) carries over the letters of commitment procedure from the original Economic Cooperation Act and makes it available for use in any phase of mutual security operations. It is especially designed to facilitate the use of commercial channels in providing assistance to foreign nations.

3. Coordination with foreign policy (sec. 523)

When reporting out the Mutual Security Act of 1951, the committee, in commenting on section 503, which was identical with section 523 of this bill, stated in its report:

The opinion has been widely expressed that the creation of a new structure of the type proposed in this bill will relegate the Secretary of State to a subordinate position. The committee's judgment is that the organization in this bill has no such effect. If the proposals in this bill foreclosed the Secretary of State from enforcing policy considerations within his field of responsibility, there would be cause for real concern. Section 503 is in the bill to make sure that this situation does not develop (H. Rept. 872, 82d Cong., 1st sess., p. 46).

Section 503 as enacted into law became section 505 of the Mutual Security Act of 1951. Section 523 of this bill retains the language of section 505 without change. To assure overseas coordination, subsection (b) adopts the language of section 507 of the Mutual Security Act of 1951, as amended, by directing the President to prescribe appropriate procedure for coordination among United States representatives overseas under the leadership of the chief diplomatic representative. Procedures for overseas coordination of all United States agencies by the chief of diplomatic mission in each country were prescribed by the President in part III of Executive Order 10476, August 1, 1953. Specific arrangements for unified United States representation to NATO and European regional organizations were provided by the establishment of a single United States mission to these organizations (USRO) headed by an ambassador. It should be noted that, as a result of the transfer to the Technical Cooperation

Administration (TCA) from the State Department to the FOA, the former technical cooperation staffs in countries in which TCA programs were being carried on are now called United States Operations Missions (USOM's) and serve as the field operating arms of the FOA in those countries.

The net effect of the series of reorganization actions in the summer of 1953 (Reorganization Plan No. 7, Executive Orders 10458 and 10476, and the President's letter of June 1, 1953, to the heads of agencies concerned) on the powers and functions of the Secretary of State was to reaffirm and strengthen the foreign policy responsibility of the Secretary of State, including his responsibility for the basic policies governing the scope and emphasis of the mutual security program and other foreign operations, while relieving the Secretary of direct operating responsibility for the technical cooperation program and certain other operational activities.

As the President said in his message to the Congress on the Conduct of Foreign Affairs, June 1, 1953:

We are taking the necessary steps to confirm the historic responsibility of the Department of State as the agency responsible under the President for the development and control of foreign policy and all relations with foreign governments. Not only must the Department of State be given clear authority to provide guidance on our foreign policies to all other agencies of the Federal Government; it is equally important that each chief of diplomatic mission in each foreign country provide effective coordination of, and foreign policy direction with respect to, all United States Government activities in the country (H. Doc. 156, 83d Cong., 1st sess., p. 2).

This section is in keeping with the prior expression of this committee and with the President's message.

4. The Secretary of Defense (sec. 524)

This section must be read together with section 523, "Coordination with foreign policy." The military assistance furnished under chapter 1, title I of this bill, as stated by this committee in its report on the Mutual Security Act of 1951:

must function within a framework of foreign policy that includes political, economic, and strategic considerations (H. Rept. 872, 82d Cong., 1st sess., p. 43).

Subsection (a) enumerates 6 primary responsibilities of the Secretary of Defense in furnishing such military assistance: (1) Determination of military end-item requirements, (2) procurement of military equipment in a manner which permits its integration with service programs, (3) supervision of end-item use by the recipient countries, (4) supervision of the training of foreign military personnel, (5) movement and delivery of military end items, and (6) within the Department of Defense, the performance of any other functions with respect to the furnishing of military assistance. The first 5 functions have been vested in the Secretary of Defense since the Mutual Security Act of 1951. The sixth enumerated function is an additional one to cover the performance by the Secretary of Defense of any other functions properly within his responsibilities, such as the carrying out of new programs like the development of weapons of advanced design and facilities assistance, all properly within the jurisdiction of the Department of Defense. In addition to these six functions, subsection (b) provides that the establishment of priorities in the procurement, delivery, and allocation of military equipment shall be determined by the Secretary of Defense (while the determination of the value of the

program for any country is to be made by the President). Subsection (b) likewise has been in effect since the Mutual Security Act of 1951.

The method of operation under these responsibilities was outlined in great detail by General Stewart, during his testimony before the committee:

We start each year—all programs are on fiscal yearly bases—with a force basis in each country toward which the United States will make contributions in the form of equipment and training. The forces toward which the United States will contribute are determined through a combination of events and facts. In the case of the NATO countries, it involves the NATO Annual Review, at which time and at which meeting the NATO countries formally and deliberately state the forces that they will raise and maintain during the next calendar year and the forces they plan to raise and maintain for the 2 succeeding years. This fact and certain economic and political factors are all considered by the Joint Chiefs of Staff, and each year the Joint Chiefs of Staff recommend to the Secretary of Defense the forces in each country toward which the United States should make contributions in the form of equipment and training.

When that is approved by the Secretary of Defense, it becomes a basis upon which we operate.

Now, to explain, and perhaps oversimplify, how we develop a program, I would like to take a theoretical country and a theoretical force. Let us say that we are dealing with country A and we are dealing with the Army program, only. Remember, we have an Army program, a Navy program, and an Air Force program. For the purpose of this explanation, we will deal only with a new force. That country has agreed that 2 years from now it will bring into being an additional infantry division, and make it available to General Gruenther as a NATO unit. Our Joint Chiefs of Staff have recommended and the Secretary of Defense has approved, that the United States help the country in equipping that division. Now, how do we determine what items the United States will give that country? In other words, how do we develop a program?

We take the table of organization and equipment that the country uses for an infantry division. That table shows how many guns, how many trucks, how many radios, how many bazookas, how many machineguns it takes to equip that division. We make a list of those and we sit down with the army representatives of the country and say, "Now, what have you got to equip this division with?" And these countries lay on the table what they have, their assets, what they have in stock, what they have under procurement, and what they plan to procure to equip this division. And they have always been quite frank with us. They have given us a very good picture and a very honest picture on that.

We subtract what they have from the total requirement and we come up with a deficiency list.

We do not provide all those deficiencies, because in addition to having forces that limit—in addition to having a force against which we will make contributions—we have criteria as to how much we will contribute, regardless of what the shortage is.

The criteria which governs what we will contribute is also developed by the Joint Chiefs of Staff and approved by the Secretary of Defense, or changed by him.

Generally speaking, we will not provide clothing, medical supplies, or tenting; we will not provide anything we think that country can provide for itself.

We are attempting in the case of European countries to reduce this list to 31 items. In other items we can't reduce it that far.

We have now got it down to about 100 items in the case of European countries.

* * * * *

I would say it has been as high as 400 or 500, if you count all the items. We are trying to reduce it down to the things that they simply cannot at the present time get for themselves, no matter how willing they are.

So this list is screened at the military assistance advisory group level to see that it complies with the criteria.

It then goes to the regional level where it is again screened, and at that point certain additional information is available because at that area they know something about what can be procured in adjoining countries. They know something about the capabilities of the country in connection with the exchange of local currency in that area. They reduce this list. It comes into, in this case, the Army here in Washington, where it is priced out against the United States price

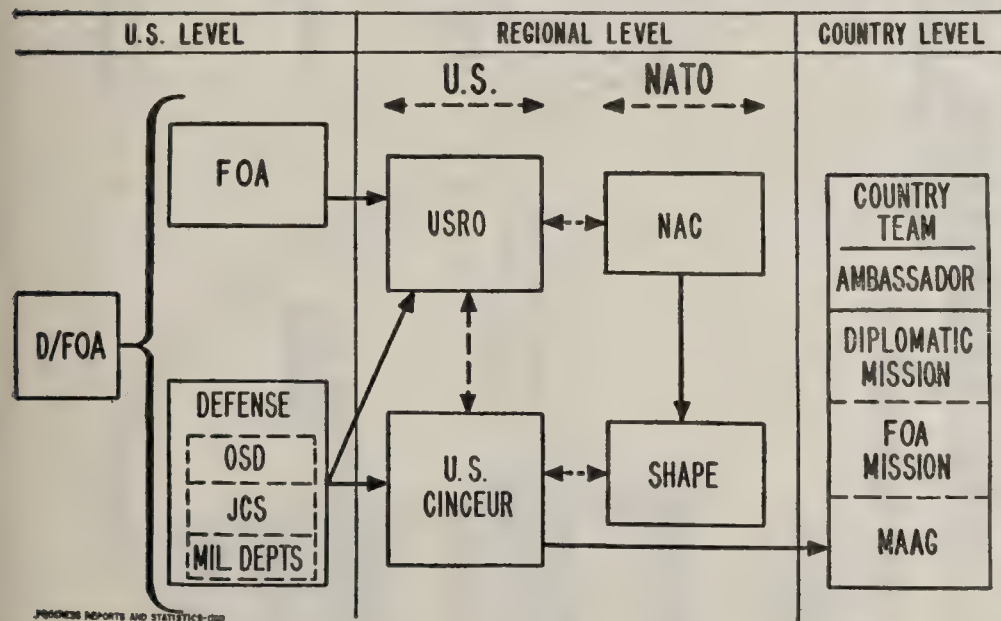
list, and again screened, and then it comes up to my office where we review it. We take our cue from what happens to us up here and we put the Army or the Navy, or whoever it is, upon the spot; we have the comptrollers in, we invite the State Department and a representative of FOA in, and they sit with us. We go over it and we screen it. Finally, when we think it is what it should be, we send it to the Director, Foreign Operations Administration, and then we go over and defend it in front of the Bureau of the Budget. Finally it is presented to the President for inclusion in his annual budget, and the sum, the value of all the programs at that point determines the amount of money that we are permitted to ask for. We then take that amount of money, which is always less than we originally asked for, and go back through this process and adjust our programs within the ceiling of the money that we are allowed to ask for. We have now reached the stage where we are up here with programs adjusted within the ceiling that the President permits us and we are defending those programs.

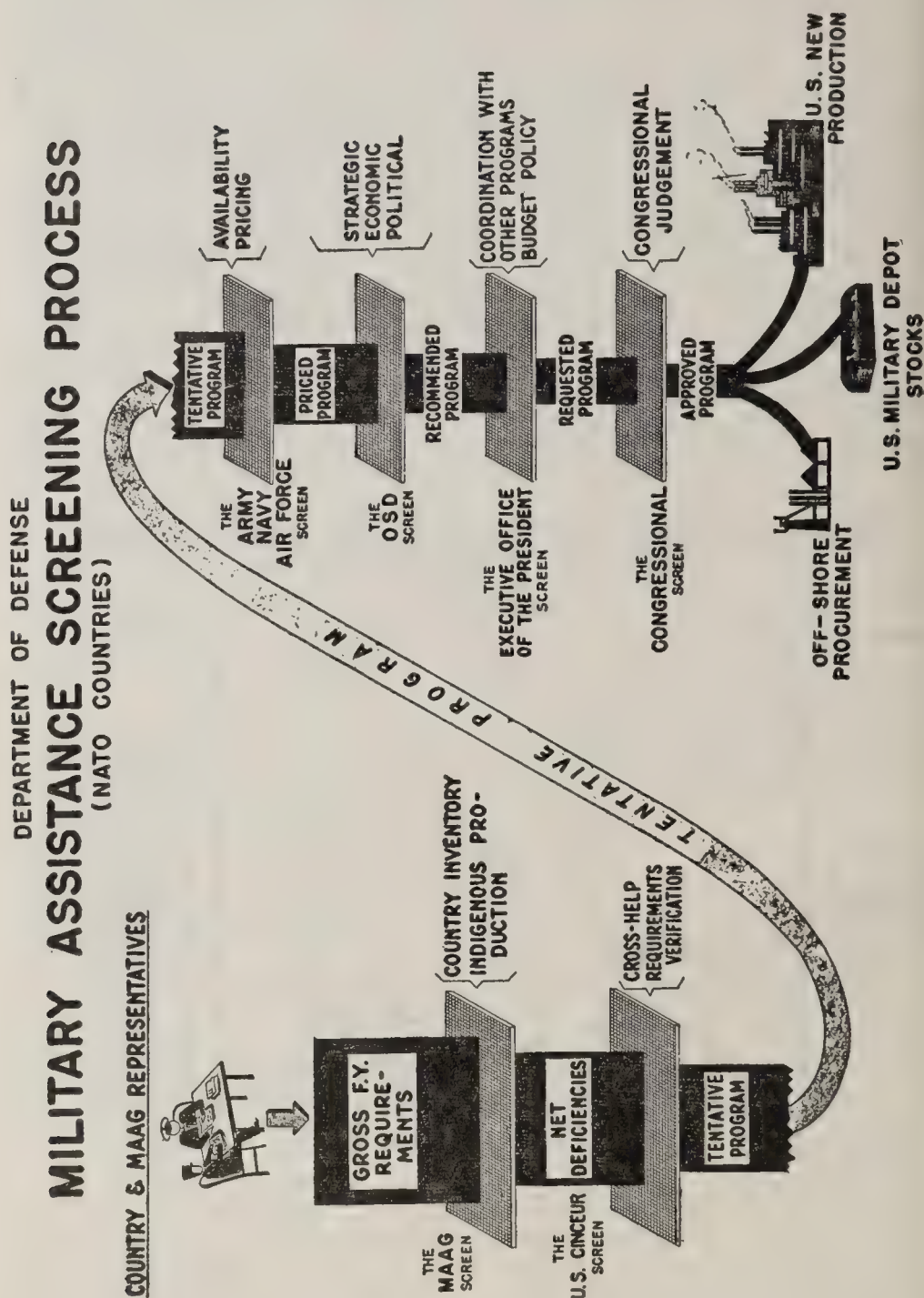
When the Congress has appropriated what funds it will appropriate for the program, we have to go through the process for the third time and adjust the program of every country within the ceiling of the funds made available and it is only at that point that we can begin to implement the program.

Now, that process is followed as conscientiously as it is within our human capabilities to do so, with the factors that bear on us. I am sure we are not perfect but I also assure you that every effort is made to make this a program of real deficiencies and items that the countries themselves cannot provide.

When we can't meet all the deficiencies because of fund limitations—and we never can—we meet as many as we can with the funds made available. That is the way we develop a program (hearings, pp. 100–102).

ORGANIZATION FOR MILITARY ASSISTANCE NORTH ATLANTIC TREATY COUNTRIES





5. Foreign Operations Administration (sec. 525)

Reorganization Plan No. 7 of 1953 (effective August 1, 1953) established a new agency, the Foreign Operations Administration, and transferred to it operations under the Mutual Security Act and other related legislation. This bill does not in any way alter Reorganization Plan No. 7 or the functions assigned to the Director of the Foreign Operations Administration except for the elimination of his responsibility for the continuous supervision and general direction of military assistance. Under this bill, however, the President is given authority to abolish or transfer any function, office, or entity of the Foreign Operations Administration. The entire operation now carried on by the Foreign Operations Administration can, under the authority of this section, be transferred to any department or agency at the discretion of the President. This gives the President complete freedom to reorganize the administration of United States foreign policy so as to improve its effectiveness and reduce its cost.

6. Missions and staffs abroad (sec. 526)

This section establishes a salary scale for chiefs of missions whenever the President desires to establish special missions in foreign countries to carry out any part of the program authorized in this bill. The relation of such special missions to the United States diplomatic mission in the country and the channels of communication are left entirely to the President. This should prevent any possible overlapping of functions or question as to relations among United States personnel stationed overseas.

7. Employment of personnel (sec. 527)

Subsection (a) of this section provides the basic authority for employment of personnel to carry out functions under this bill by any agency performing such functions.

Subsection (b) permits the employment of 60 persons without regard to the Classification Act of 1949, for example, under salary scales not corresponding to general schedule rates. Of this 60, not to exceed 35 may be compensated at rates higher than the maximum rate of GS-15 (now \$11,800), and the remainder at the top GS-15 rate or below. Of the 35, not to exceed 15 may be paid up to \$15,000 a year, and the remainder at the top GS-18 rate (now \$14,800) or below. This subsection reduces the number of "supergrades" from 50 to 35. Sixty persons may be employed without regard to the provisions of the Classification Act, which means that the positions are exempt from Civil Service review of the class in which such employees are placed. Of these individuals 15 may be paid up to \$15,000 a year, 20 may be paid up to \$14,800, and the remaining 25 any amount up to \$11,800.

Subsection (c) provides authority for the employment or assignment of personnel to perform functions under this bill overseas. Paragraph (1) permits the Director of FOA to employ or assign persons, or to authorize the heads of other agencies to employ or assign personnel of their agencies, for overseas duties at rates of pay, allowances, and benefits provided for Foreign Service Reserve and staff officers and employees under the Foreign Service Act of 1946. All persons so employed or assigned would be entitled to hardship post differentials at rates prescribed under section 443 of the Foreign Serv-

ice Act for Foreign Service staff and would also be entitled to reemployment rights as provided for Foreign Service Reserve officers under section 528 of that act. Language has been added to make clear that post differential allowances may be given to persons compensated at Foreign Service Reserve rates.

Paragraph (2) of section 527 (c) replaces paragraph (2) of ECA section 110 (a). The ECA provision authorized the Secretary of State, on request of the Director, to appoint persons to the Foreign Service Reserve or staff for the purpose of performing duties under the foreign aid program. Under this section, such overseas employees of FOA will be appointed by the Director. The new provision thus remedies an anomalous situation in which the head of one agency has appointed personnel to positions under another agency. For the purpose of making appointments and fixing terms and conditions of employment, the Director will utilize such authority contained in the Foreign Service Act as the President deems necessary. For example, while the Director might appoint persons to the categories of Foreign Service Reserve and staff, it is not intended that he will appoint persons to the category of Foreign Service officer. Persons so appointed, however, would be eligible to apply for "lateral entry" into the State Department Foreign Service officer category, but would not have other rights under the Foreign Service as administered by the Secretary of State, such as "bumping" privileges, during the period of the Director's authority in carrying out operations under this bill. Similar personnel authority has been provided for the United States Information Agency under section 2 (d) of Reorganization Plan No. 8, 1953. This section would permit any such appointments to be made for the duration of the foreign aid programs; thus appointments corresponding to State Department Foreign Service Reserve appointments could be made for the duration of the program without regard to the 4-year limitation in the Foreign Service Act. This provision would also permit the President to specify the provisions of the Foreign Service Act which would apply to FOA personnel. This would include sections 443 and 528 for both Reserve and staff officers and employees, as in the case of appointments under this section. Section 528 applied to both Reserve and staff officers and employees under ECA section 110 (a) (2); section 443 only to staff. While appointments under section 527 (c) (2) would be primarily for the purpose of overseas duty, temporary assignment in the United States would be permissible.

Subsection (d) of section 527 authorizes the Secretary of State, at the request of the Director, to appoint aliens for the performance of duties under this bill overseas. It is taken from ECA section 110 (b).

The number of persons employed in the foreign-operations program has been substantially reduced during fiscal 1954. Overall reduction has been 27 percent. The Washington office has been reduced by 384 positions, or 22 percent. Personnel in Europe was reduced by 622 positions, or 48 percent. Personnel in the Near East was reduced by 61 positions, or 8 percent. In the Far East, the reduction of personnel was 139 positions, or 28 percent.

8. Detail of personnel to foreign governments (sec. 528)

This section authorizes the detail of personnel to foreign governments and government agencies without reimbursement. It is based

upon provisions of existing law, but omits provisions concerning detail to international organizations. The latter is covered in section 529 of this bill. Subsection (b) makes a change in the original law to permit the detailing agency to pay the salary and allowances of the detailed employee from its own funds without reimbursement from funds authorized under this bill.

9. Detail of personnel to international organizations (sec. 529)

This section authorizes the detail of United States Government personnel to international organizations with or without reimbursement, on the basis of an advance of funds, property, or services, or subject to a credit against the United States contribution to the international organization. It combines authority previously contained in MSA sections 303 (c) and 509, AID section 413 (e), and section 304 (a) of the United Nations Palestine Refugee Aid Act of 1950. These provisions authorized nonreimbursable details to international organizations generally, and reimbursable details to UNKRA and UNRWA in accordance with the provisions of title III of the United States Information and Educational Exchange Act of 1948 (22 U. S. C. 1431). The reimbursable detail and advance-of-funds provisions of the USIE Act are incorporated with minor modifications in this section and are made applicable by this section to details to all international organizations whenever the President determines such detail to be in furtherance of the purposes of this bill. Paragraph (4) of subsection (c) is a new provision setting forth current practice with respect to details of United States Government personnel to NATO.

10. Experts and consultants or organizations thereof (sec. 530)

Subsection (a) of this section authorizes the employment by contract of experts and consultants in accordance with title 5, United States Code, section 55a. It is taken from the provisions of ECA section 104 (e), MDAA section 406 (c) and AID section 413 (f). The compensation rate of \$75 per day is taken from the last-named provision. The provisions of the three statutes are also modified to permit payment of per diem outside the United States at the rates prescribed for regular employees in the Standardized Government Travel Regulations (Foreign Areas), rather than at the rate of \$10 provided within the United States.

Subsection (b) is a new provision authorizing the employment, without compensation, of persons of outstanding experience and ability on the same basis as is authorized by section 710 (b) of the Defense Production Act of 1950, as amended, and the various Executive orders issued thereunder. This would permit agencies performing foreign-aid functions to acquire the services of exceptionally qualified persons who might not be able to give up private salaries in order to serve with the Government, in view of the financial sacrifice involved.

11. Security clearance (sec. 531)

This section prescribes special security clearance procedures for persons assigned to duties under this bill by the Director of FOA. It is derived from MSA section 510, with the insertion of language providing for FBI investigation in certain cases as required by Public Law 298, 82d Congress (5 U. S. C. 655). Section 510 prescribed similar procedures with respect to personnel assigned to duties by the Secre-

tary of State, who was formerly responsible for administration of the AID. Functions under that act having been transferred to the Director of FOA, references to the Secretary of State have been omitted from this section of the bill. The word "knowingly" has been added so as not to prohibit employment of persons who have in the past been members of organizations advocating disloyal views, but whose membership is found to have been without knowledge of the disloyal purposes of the organization. This change is made in consonance with the principles underlying the decision of the United States Supreme Court in *Wieman v. Updegraff* (344 U. S. 183).

12. Exemption of personnel from certain Federal laws (sec. 532)

Subsection (a) of this section exempts, from certain conflict of interest laws, experts and consultants employed temporarily under section 530 (a) and members of the International Development Advisory Board. This provision is based on existing legislation. A clause has been added exempting the persons covered by this subsection from laws governing reemployment of retired officers or employees of the Government and the simultaneous receipt of compensation and retired pay or annuities.

Subsection (b) permits the appointment of retired officers as regular employees, but does not waive provisions concerning the receipt of compensation and retired pay. This subsection is taken verbatim from MSA, section 533 (a).

13. Waivers of certain Federal laws (sec. 533)

Section 119 of the Economic Cooperation Act empowered the President to authorize performance of economic aid functions under that act—

without regard to such provisions of law regulating the making, performance, amendment, or modification of contracts and expenditure of Government funds as the President may specify.

The purpose of this provision was to provide flexibility in connection with the procurement and shipment of commodities and other similar operations. It was felt that certain contract and accounting laws designed primarily for domestic operations of the Federal Government would unduly hamper or delay the furnishing of needed foreign assistance.

As additional foreign assistance programs were instituted under other statutes, the necessity became apparent of permitting waiver of restrictive contract and accounting laws for the benefit of these other programs. In the words of this committee in its report on the Mutual Security Act of 1952, such laws—

constitute impediments to the conduct of vital functions under the mutual security program that are quite unlike domestic programs of the United States Government to which the laws primarily relate. (H. Rept. 1922, 82d Cong., p. 105.)

Offshore procurement was cited as a specific example of such functions. Consequently, section 119 of the Economic Cooperation Act was extended to cover all assistance functions under section 532, Mutual Security Act. This new, broadened waiver power was partially exercised by the President in Executive Order 10387, August 25, 1952, which replaced an earlier order, Executive Order 9943.

Executive Order 10387, however, covered only activities carried on under the Mutual Defense Assistance Act, the Act for International

Development, and the remaining provisions of the Economic Cooperation Act (as embodied in Mutual Security Act, sec. 503). During the fiscal year 1954, therefore, it was necessary to issue a new order extending the existing exemptions to new programs more recently authorized by the Congress in various sections of the Mutual Security Act of 1953. The largest of these is the program for support of the forces in Indochina, for which \$400 million was provided in section 304 of the Mutual Security Act of 1951, as amended (sec. 201 (c) of the Mutual Security Act of 1953). Additional Mutual Security Act programs included financing of military production in France and the United Kingdom, authorized by section 102 of the Mutual Security Act of 1951, as amended (sec. 201 (b) of the Mutual Security Act of 1953); and the section 550 program of surplus agricultural commodity sales (sec. 706 (h) of the Mutual Security Act of 1953). The new Executive order was also desirable to make clear that the exemptions applied to the Korean aid program of \$200 million provided for in the Supplemental Appropriation Act of 1954 (Public Law 207, 83d Cong.). As to all these programs, exemptions were needed for the same reasons as they were needed for the programs carried out under the Mutual Defense Assistance Act, the Act for International Development, and the remaining Economic Cooperation Act provisions.

The new Executive order is No. 10519, promulgated by the President on March 9, 1954. Section 1 of this order provides exemptions for all mutual security program activities for all agencies conducting such activities with the exception of the Department of Defense. Section 2 of the order covers only overseas activities and applies to all agencies engaged in mutual security program activities.

As stated by the executive branch to the committee:

In general, it may be said that Foreign Operations Administration, Defense, and the other agencies carrying out mutual security program functions adhere to the policies underlying the statutes from which Executive Order 10519 provides exemptions. The exemptions are used simply to remove strict statutory requirements to permit flexibility necessary to the carrying out of activities under the foreign aid program.

It is the view of the committee that a continuation of this authority will help in relieving the mutual security program of unnecessary technical restrictions.

14. Reports (sec. 534)

This section provides for the continuation of the semiannual reports on the mutual security program. Language has been added requiring specific inclusion in the reports of information concerning the implementation of the small-business and free-enterprise sections of the bill.

15. Cooperation with international organizations (sec. 535)

Subsection (a) of this section authorizes the President to utilize facilities of international organizations in performing functions under this bill and to pay for the use of such facilities to the extent such payment is usually required. It is taken from section 121 (a) of the Economic Cooperation Act with the proviso reworded in keeping with the placement of this section in a consolidated bill authorizing participation in multilateral programs.

Subsection (b) authorizes the furnishing of supplies and services to international organizations on a reimbursable basis. It combines

the authority contained in section 404 (c) of the Act for International Development, section 304 (b) of the United Nations Palestine Refugees Aid Act of 1950, and section 303 (c) of the Mutual Security Act.

C. CHAPTER 3.—REPEAL AND MISCELLANEOUS PROVISIONS

1. *Effective date (sec. 541)*

Under this section of the bill, as reported by the committee, the Mutual Security Act of 1954 will take effect July 1, 1954.

2. *Statutes repealed (sec. 542)*

In his message of June 1, 1953, submitting Reorganization Plan No. 7 to the Congress, President Eisenhower stated:

Our organization for the conduct of foreign affairs has been built upon a patchwork of statutes which needs careful restudy as a basis for new legislation. The development of new legislation will take time. By early next year we will be prepared, with appropriate consultation with the Congress, to recommend such legislation. In the meantime we must improve the present arrangements within the framework of existing legislation.

To date the organization of the executive branch for foreign affairs has been deficient in two major respects. First: There has been no clear assignment of central responsibility for foreign policy below the President. Second: A number of programs which implement our foreign policy have been scattered within the executive branch rather than being grouped together for the most efficient and economical administration.

We must correct these deficiencies. The measures proposed are directed toward that objective. The consideration of new legislation will open up further reorganization possibilities (H. Doc. 156, 83d Cong., 1st sess., p. 2).

With the passage of this bill, the patchwork which the President referred to will come to an end. Subsection (a) repeals 11 prior laws of major importance dealing with foreign aid. These are referred to in paragraphs (1) through (11) of subsection (a). Each of these laws has either become obsolete or, to the extent not obsolete, is replaced by this bill. In the case of the Yugoslav Emergency Relief Assistance Act of 1950, the only remaining functions concerned the utilization of counterpart already deposited. This activity is governed by an existing general counterpart agreement. Any further reports concerning Yugoslav Act activities will be included in the reports required by section 534 of this bill. In addition, paragraphs (12) through (14) of subsection (a) of section 542 repeal three laws dealing with munitions control. (The reasons for the repeal of these three laws will be found above, under the discussion of section 416 which deals with munitions control.)

Subsection (b) states that references to the repealed acts which appear in statutes not repealed shall be considered references to the appropriate provisions of this bill. Thus, a reference to the Act for International Development appearing in any statute not listed in subsection (a) would be deemed a reference to the appropriate provision of title III, or if a reference to an administrative provision, to the appropriate section of title V, of this bill.

Subsection (c) preserves amendments to acts not repealed which were made by any of the repealed laws. Thus, there are preserved the amendments made by section 11 of the Mutual Security Act of 1952 to the Surplus Property Act of 1944 and by section 501 (e) of the Mutual Security Act of 1951, as amended, to the National Security Act of 1947.

3. Saving provisions (sec. 543)

Subsection (a) is designed to permit continuity of operations and programs, despite the repeal of various prior statutes by section 542, by preserving, until modified by appropriate authority, organizational, administrative, and program actions undertaken under authority of any of the repealed statutes, except where there is an express provision to the contrary in this bill.

Subsection (b) provides that, where this bill establishes conditions which must be complied with before assistance may be furnished, compliance with substantially similar conditions under repealed laws shall be deemed to constitute compliance with the conditions set forth in this bill. This makes clear that assistance may continue to be furnished to countries which have complied with eligibility provisions contained in prior laws to the extent those provisions are substantially similar to the conditions set forth in this bill.

Subsection (c) makes unnecessary the reappointment or reemployment under this bill of any person performing functions under acts repealed by section 542 or performing functions mentioned in section 408 (NATO). Thus, it would be unnecessary to submit for reconfirmation the appointment of the United States representative to NATO, or otherwise to reappoint any officer or employee. It is provided, however, that appointments made by the Secretary of State under ECA section 110 (a) (2) shall be converted to appointments made by the Director of Foreign Operations Administration under section 527 (c) of this bill.

4. Amendments to other laws (sec. 544)

Subsection (a) of this section continues the authority to guarantee investments in informational media enterprises formerly contained in ECA section 111 (c) (3). Since this program is now carried on by the United States Information Agency, the necessary statutory authority is shifted to the United States Information and Educational Exchange Act of 1948 by adding a new section to that statute. The administration of the informational media guaranty program was assigned to the United States Information Agency by Executive Order 10476, August 1, 1953.

The program promotes the sale and distribution abroad of approved American books, periodicals, and films by guaranteeing to American producers and distributors the convertibility into dollars of foreign currencies received for these informational materials. Foreign currencies acquired through this program are deposited in the United States Treasury, and are used for various expenses for the United States incurred in other countries. The fees collected under this section exceed the cost of its administration: during the 1953 fiscal year, administration of this program cost \$50,781, while fees collected totaled \$75,527.

IMG contracts issued, fees paid, and dollar payments to investors, inception of program to Dec. 31, 1953

Year	Contracts issued	Fees paid	Dollar payments
April 1949 to June 30, 1949.....	\$1,839,254	\$18,287	\$47,439
Fiscal year 1950.....	1,427,489	24,436	586,526
Fiscal year 1951.....	6,605,550	89,811	2,516,482
Fiscal year 1952.....	3,201,524	67,150	3,461,155
Fiscal year 1953.....	6,183,776	75,527	3,117,335
Fiscal year 1954 to Dec. 31, 1953.....	3,172,123	35,735	2,360,861
Total.....	22,429,715	310,946	12,089,798

Informational media guaranty contracts in force as of Dec. 31, 1953

Country	Amount	Country	Amount
Austria.....	\$51,565	Philippines.....	\$920,000
France.....	173,589	Taiwan.....	40,000
Germany.....	705,816	Yugoslavia.....	578,611
Israel.....	2,066,227		
Netherlands.....	563,605	Total.....	5,141,923
Norway.....	42,509		

Subsection (b) provides for extension of the Institute of Inter-American Affairs for a period of 5 years beyond its present termination date of June 30, 1955. The section also extends the present 5-year contracting authority of the Institute, provided that contracts extending beyond the Institute's terminal date must be made subject to termination by the Institute upon notice. The second proviso provides that the Institute shall follow the budget and auditing procedures applicable to regular Government agencies rather than those applicable to Government corporations; the corporate authorities of the Institute under the Institute Act for purposes other than budget and auditing procedures remain unmodified.

5. Definitions (sec. 545)

This section contains definitions of the terms "commodity," "surplus agricultural commodity," "equipment and materials," "mobilization reserve," "excess," "services," "Armed Forces of the United States," "value," and "United States Government agency."

Subsection (a) defines the term "commodity" to include any commodity, material, article, supply, or goods.

Subsection (b) defines the term "surplus agricultural commodity" as meaning any agricultural commodity or product thereof, class, kind, type, or other specification thereof, produced in the United States either publicly or privately owned, which is in excess of domestic requirements, adequate carryover, and anticipated exports for dollars, as determined by the Secretary of Agriculture.

In subsection (c) "equipment" and "materials" are defined as arms, ammunition, or implements of war, or any other type of material, article, raw material, facility, tool, machine, supply, or item that would further the purpose of title I or any component or part thereof, used or required for use in connection therewith, or required in or for the manufacture, production, processing, storage, transportation, repair, or rehabilitation of any equipment or materials. Merchant vessels are not included.

Subsection (d) defines the term "mobilization reserve" as used with respect to any such equipment or materials, as the quantity of such

equipment or materials determined by the Secretary of Defense under regulations prescribed by the President to be required to support mobilization of the Armed Forces of the United States in the event of war or national emergency until such time as adequate additional quantities of such equipment or materials can be procured.

In subsection (e), "excess," as used with respect to any equipment or materials is defined as the quantity of such equipment or materials owned by the United States which is in excess of the mobilization reserve of such equipment or materials. As explained by General Stewart during his testimony before the committee, the only charge to the appropriation for furnishing excess equipment to recipient nations is the cost of rehabilitating, packing, handling, and crating. The ceiling on the total valued excess equipment which may be furnished under the legislation has been deleted.

Subsection (f) defines "services" as including any service, repair, training of personnel, or technical or other assistance or information necessary to effectuate the purposes of this bill.

Subsection (g) is the usual definition of "Armed Forces of the United States" as including any component of the Army of the United States, of the United States Navy, of the United States Marine Corps, of the Air Force of the United States, of the United States Coast Guard, and the Reserve components thereof.

Subsection (h) defines "value" as used in connection with reimbursement for equipment or materials furnished under chapter I of title I. Different measures of value are prescribed for reimbursement depending on whether the equipment or materials are: (1) excess to the mobilization reserve; (2) not excess to the mobilization reserve; (3) not excess to the mobilization reserve, but which need not be fully replaced; and (4) procured for the purpose of being furnished as military assistance. The language of the subsection is taken from MDAA section 403 (5) without change in substance.

Subsection (i) contains the usual definition of "United States Government agency" as meaning any department, agency, board, wholly or partly owned corporation, or instrumentality, commission, or establishment of the United States Government.

6. Construction (sec. 546)

Subsection (a) is the standard separability provision formerly found in the Act for International Development and the Mutual Defense Assistance Act.

Subsection (b) provides that nothing in this bill shall affect the provisions of the Atomic Energy Act of 1946, as amended.

Subsection (c) provides that nothing in this bill shall be construed as a commitment to provide any specific assistance to any nation or international organization.

MUTUAL SECURITY ACT OF 1954

REPORT

OF THE

COMMITTEE ON FOREIGN AFFAIRS

ON

H. R. 9678

A BILL TO PROMOTE THE SECURITY AND FOREIGN POLICY
OF THE UNITED STATES BY FURNISHING ASSISTANCE
TO FRIENDLY NATIONS, AND FOR OTHER PURPOSES

(Compliance with clause 3 of rule XIII (Ramseyer rule)
of the Rules of the House of Representatives)



JUNE 25, 1954.—Committed to the Committee of the Whole House
on the State of the Union and ordered to be printed

UNITED STATES
GOVERNMENT PRINTING OFFICE

THE MUTUAL SECURITY ACT OF 1954

JUNE 25, 1954.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. CHIPERFIELD, from the Committee on Foreign Affairs, submitted the following

REPORT

[To accompany H. R. 9678]

The Committee on Foreign Affairs, to whom was referred the bill (H. R. 9678) to promote the security and foreign policy of the United States by furnishing assistance to friendly nations, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as introduced, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

ACT OF MAY 22, 1947, AS AMENDED

[AN ACT To provide for assistance to Greece and Turkey.

[Whereas the Governments of Greece and Turkey have sought from the Government of the United States immediate financial and other assistance which is necessary for the maintenance of their national integrity and their survival as free nations; and

[Whereas the national integrity and survival of these nations are of importance to the security of the United States and of all freedom-loving peoples and depend upon the receipt at this time of assistance; and

[Whereas the Security Council of the United Nations has recognized the seriousness of the unsettled conditions prevailing on the border between Greece on the one hand and Albania, Bulgaria, and Yugoslavia on the other, and, if the present emergency is met, may subsequently assume full responsibility for this phase of the problem as a result of the investigation which its commission is currently conducting; and

[Whereas the Food and Agriculture Organization mission for Greece recognized the necessity that Greece receive financial and economic assistance and recommended that Greece request such assistance from the appropriate agencies of the United Nations and from the Governments of the United States and the United Kingdom; and

[Whereas the United Nations is not now in a position to furnish to Greece and Turkey the financial and economic assistance which is immediately required; and

[Whereas the furnishing of such assistance to Greece and Turkey by the United States will contribute to the freedom and independence of all members of the United Nations in conformity with the principles and purposes of the Charter: Now, therefore,

[*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That, notwithstanding the provisions of any other law, the President may from time to time when he deems it in the interest of the United States furnish assistance to Greece and Turkey, upon request of their governments, and upon terms and conditions determined by him—

[(1) by rendering financial aid in the form of loans, credits, grants, or otherwise, to those countries;

[(2) by detailing to assist those countries any persons in the employ of the Government of the United States; and the provisions of the Act of May 25, 1938 (52 Stat. 442), as amended, applicable to personnel detailed pursuant to such Act, as amended, shall be applicable to personnel detailed pursuant to this paragraph: *Provided, however*, That no civilian personnel shall be assigned to Greece or Turkey to administer the purposes of this Act until such personnel have been investigated by the Federal Bureau of Investigation;

[(3) by detailing a limited number of members of the military services of the United States to assist those countries, in an advisory capacity only; and the provisions of the Act of May 19, 1926 (44 Stat. 565), as amended, applicable to personnel detailed pursuant to such Act, as amended, shall be applicable to personnel detailed pursuant to this paragraph;

[(4) by providing for (A) the transfer to, and the procurement for by manufacture or otherwise and the transfer to, those countries of any articles, services, and information, and (B) the instruction and training of personnel of those countries; and

[(5) by incurring and defraying necessary expenses, including administrative expenses and expenses for compensation of personnel, in connection with the carrying out of the provisions of this Act.

[SEC. 2. (a) Sums from advances by the Reconstruction Finance Corporation under section 4 (a) and from the appropriations made under authority of section 4 (b) may be allocated for any of the purposes of this Act to any department, agency, or independent establishment of the Government. Any amount so allocated shall be available as advancement or reimbursement, and shall be credited, at the option of the department, agency, or independent establishment concerned, to appropriate appropriations, funds or accounts existing or established for the purpose.

[(b) Whenever the President requires payment in advance by the Government of Greece or of Turkey for assistance to be furnished to such countries in accordance with this Act, such payments when made shall be credited to such countries in accounts established for the purpose. Sums from such accounts shall be allocated to the departments, agencies, or independent establishments of the Government which furnish the assistance for which payment is received, in the same manner, and shall be available and credited in the same manner, as allocations made under subsection (a) of this section. Any portion of such allocation not used as reimbursement shall remain available until expended.

[(c) Whenever any portion of an allocation under subsection (a) or subsection (b) is used as reimbursement, the amount of reimbursement shall be available for entering into contracts and other uses during the fiscal year in which the reimbursement is received and the ensuing fiscal year. Where the head of any department, agency, or independent establishment of the Government determines that replacement of any article transferred pursuant to paragraph (4) (A) of section 1 is not necessary, any funds received in payment therefor shall be covered into the Treasury as miscellaneous receipts.

[(d) (1) Payment in advance by the Government of Greece or of Turkey shall be required by the President for any articles or services furnished to such country under paragraph (4) (A) of section 1 if they are not paid for from funds advanced by the Reconstruction Finance Corporation under section 4 (a) or from funds appropriated under authority of section 4 (b).

[(2) No department, agency, or independent establishment of the Government shall furnish any articles or services under paragraph (4) (A) of section 1 to either Greece or Turkey, unless it receives advancements or reimbursements therefor out of allocations under subsection (a) or (b) of this section.

[SEC. 3. As a condition precedent to the receipt of any assistance pursuant to this Act, the government requesting such assistance shall agree (a) to permit free access of United States Government officials for the purpose of observing whether such assistance is utilized effectively and in accordance with the undertakings of the recipient government; (b) to permit representatives of the press and radio of the United States to observe freely and to report fully regarding the utilization of such assistance; (c) not to transfer, without the consent of the President of the United States, title to or possession of any article or information transferred pursuant to this Act nor to permit, without such consent, the use of any such article or the use or disclosure of any such information by or to anyone not an officer, employee, or agent of the recipient government; (d) to make such provisions as may be required by the President of the United States for the security of any article, service, or information received pursuant to this Act; (e) not to use any part of the proceeds of any loan, credit, grant, or other form of aid rendered pursuant to this Act for the making of any payment on account of the principal or interest on any loan made to such government by any other foreign government; and (f) to give full and continuous publicity within such country as to the purpose, source, character, scope, amounts, and progress of United States economic assistance carried on therein pursuant to this Act.

[SEC. 4. (a) Notwithstanding the provisions of any other law, the Reconstruction Finance Corporation is authorized and directed, until such time as an appropriation shall be made pursuant to subsection (b) of this section, to make advances, not to exceed in the aggregate \$100,000,000, to carry out the provisions of this Act, in such manner and in such amounts as the President shall determine. The Reconstruction Finance Corporation is authorized and directed to make additional advances, not to exceed in the aggregate \$50,000,000, to carry out the provisions of this Act, as amended, in such manner and in such amounts as the President shall determine. No interest shall be charged on advances made by the Treasury to the Reconstruction Finance Corporation for this purpose.

[(b) There is hereby authorized to be appropriated to the President not to exceed \$400,000,000 to carry out the provisions of this Act. From appropriations made under this authority there shall be repaid without interest to the Reconstruction Finance Corporation the advances made by it under subsection (a) of this section.

[SEC. 5. The President may from time to time prescribe such rules and regulations as may be necessary and proper to carry out any of the provisions of this Act; and he may exercise any power or authority conferred upon him pursuant to this Act through such department, agency, independent establishment, or officer of the Government as he shall direct.

[The President is directed to withdraw any or all aid authorized herein under any of the following circumstances:

[(1) If requested by the Government of Greece or Turkey, respectively, representing a majority of the people of either such nation;

[(2) If the Security Council finds (with respect to which finding the United States waives the exercise of any veto) or the General Assembly finds that action taken or assistance furnished by the United Nations makes the continuance of such assistance unnecessary or undesirable;

[(3) If the President finds that any purposes of the Act have been substantially accomplished by the action of any other intergovernmental organizations or finds that the purposes of the Act are incapable of satisfactory accomplishment; and

[(4) If the President finds that any of the assurances given pursuant to section 3 are not being carried out.

[SEC. 6. Assistance to any country under this Act may, unless sooner terminated by the President, be terminated by concurrent resolution by the two Houses of the Congress.

[SEC. 7. The President shall submit to the Congress quarterly reports of expenditures and activities, which shall include uses of funds by the recipient governments, under authority of this Act.

[SEC. 8. The chief of any mission to any country receiving assistance under this Act shall be appointed by the President, by and with the advice and consent of the Senate, and shall perform such functions relating to the administration of this Act as the President shall prescribe.]

ACT OF MAY 31, 1947, AS AMENDED

JOINT RESOLUTION Providing for relief assistance to the people of countries devastated by war

[Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That there is hereby authorized to be appropriated to the President not to exceed \$350,000,000 for the provision of relief assistance to the people of countries devastated by war, such relief assistance to be limited to the following: Food, medical supplies, processed and unprocessed materials for clothing, fuel, fertilizer, pesticides, and seed: Provided, That from the funds authorized under this section the President shall make contributions to the International Children's Emergency Fund of the United Nations for the special care and feeding of children, and such contributions shall not be subject to the limitations and requirements provided in this joint resolution, but after \$15,000,000 has been so contributed, no further contributions shall be made which would cause the aggregate amount so contributed by the United States (1) to constitute more than 57 per centum of the aggregate amount contributed to said fund by all governments, including the United States; or (2) to exceed \$40,000,000 whichever is the lesser.

[There shall be established and maintained, out of the funds authorized under this joint resolution, a relief distribution mission for each of the countries receiving aid under this joint resolution. Such missions shall be comprised solely of American citizens who shall have been investigated as to loyalty and security by the Civil Service Commission. Such missions shall have direct supervision and control, in each country, of relief supplies furnished or otherwise made available under this joint resolution, and, when it is deemed desirable by the field administrator provided for in section 4, such missions shall be empowered to retain possession of such supplies up to the city or local community where such supplies are actually made available to the ultimate consumers.

[Not more than \$15,000,000 of the funds authorized under this joint resolution shall be available for relief in any countries or territories other than Austria, Greece, Hungary, Italy, Poland, Trieste, and China. This provision shall not imply any obligation to give relief to any of the countries mentioned.

[Notwithstanding the provisions of any other law, the Reconstruction Finance Corporation is authorized and directed, until such time as an appropriation shall be made pursuant to this section, to make advances, not to exceed in the aggregate \$75,000,000, to carry out the provisions of this joint resolution, in such manner and in such amounts as the President shall determine. From appropriations authorized under this section, there shall be repaid to the Reconstruction Finance Corporation the advances made by it under the authority contained herein.

[SEC. 2. (a) Under the direction of the President, such relief assistance shall be provided in the form of transfers of supplies, or the establishment in this country of credits subject to the control of the President, in such quantities and on such terms as the President may determine; except that no such transfers of supplies or establishment of credits may be made after June 30, 1948, and except that not more than 6 per centum of the amount herein authorized shall be used for the procurement of supplies outside the United States and its Territories and possessions.

[(b) In carrying out this joint resolution, funds authorized herein may be used to pay necessary expenses related to the providing of such relief assistance, including expenses of or incident to the procurement, storage, transportation, and shipment of supplies transferred under subsection (a) or of supplies purchased from credits established under subsection (a).

[(c) Funds authorized under this joint resolution may be allocated for any of the purposes of this joint resolution to any department, agency, or independent establishment of the Government and such sums shall be available for obligation and expenditure in accordance with the laws governing obligations and expenditures of the department, agency, or independent establishment, or organizational unit thereof concerned, and without regard to sections 3709 and 3648 of the Revised Statutes, as amended (U. S. C., 1940 edition, title 41, sec. 5, and title 31, sec. 529).

[(d) Such additional civilian employees as may be required by the War Department in connection with the furnishing of procurement, storage, transportation, and shipment services under this joint resolution and which services are paid for from funds herein authorized, shall not be counted as civilian employees within the meaning of section 607 of the Federal Employees Pay Act of 1945, as amended by section 14 of the Federal Employees Pay Act of 1946.

[(e) When any department, agency, or independent establishment of the Government receives request from the government of any country for which credits have been established under subsection (a) and receives, from credits so established, advancements or reimbursements for the cost of necessary expenses, it may furnish, or procure and furnish (if advancements are made), supplies within the category of relief assistance as defined in section 1 and may use sums so received for the purposes set forth in subsection (b) of this section. When any such reimbursement is made it shall be credited, at the option of the department, agency, or independent establishment concerned, either to the appropriation, fund, or account utilized in incurring the obligation, or to an appropriate appropriation, fund, or account which is current at the time of such reimbursement.

[(f) In order to supplement the general relief assistance made available under the terms of section 1 and to effect the economical and expanded use of American voluntary relief contributions, funds authorized under this joint resolution, not to exceed \$5,000,000, may be used to pay necessary expenses related to the ocean transportation of supplies donated to or purchased by American voluntary and nonprofit relief agencies, and in such quantities and kinds and for such purposes as the President may determine to be essential supplements to the supplies provided for such general relief assistance.

[(g) The relief supplies provided under the terms of this joint resolution shall be procured and furnished by the appropriate United States procurement agencies unless the President shall determine otherwise.

[SEC. 3. No relief assistance shall be provided under the authority of this joint resolution to the people of any country unless the government of such country has given assurance satisfactory to the President that (a) the supplies transferred or otherwise made available pursuant to this joint resolution, as well as similar supplies produced locally or imported from outside sources, will be distributed among the people of such country without discrimination as to race, creed, or political belief; (b) representatives of the Government of the United States and of the press and radio of the United States will be permitted to observe freely and to report fully regarding the distribution and utilization of such supplies; (c) full and continuous publicity will be given within such country as to the purpose, source, character, scope, amounts and progress of the United States relief program carried on therein pursuant to this joint resolution; (d) if food, medical supplies, fertilizer, or seed is transferred or otherwise made available to such country pursuant to this joint resolution, no articles of the same character will be exported or removed from such country while need therefor for relief purposes continues; (e) such country has taken or is taking, insofar as possible, the economic measures necessary to reduce its relief needs and to provide for its own future reconstruction; (f) upon request of the President, it will furnish promptly information concerning the production, use, distribution, importation, and exportation of any supplies which affect the relief needs of the people of such country; (g) representatives of the Government of the United States will be permitted to supervise the distribution among the people of such country of the supplies transferred or otherwise made available pursuant to this joint resolution; (h) provision will be made for a control system so that all classes of people within such country will receive their fair share of essential supplies; and (i) all supplies transferred pursuant to this joint resolution or acquired through the use of credits established pursuant to this joint resolution and any articles processed from such supplies, or the containers of such supplies or articles, will, to the extent practicable, be marked, stamped, branded, or labeled in a conspicuous place as legibly, indelibly, and permanently as the nature of such supplies, articles, or containers will permit in such manner as to indicate to the ultimate consumer in such country that such supplies or articles have been furnished by the United States of America for relief assistance; or if such supplies, articles, or containers are incapable of being so marked, stamped, branded, or labeled, that all practicable steps will be taken to inform the ultimate consumers thereof that such supplies or articles have been furnished by the United States of America for relief assistance.

[SEC. 4. When supplies are transferred or otherwise made available to any country pursuant to this joint resolution, the President shall cause representatives of the Government of the United States (1) to supervise the distribution of such supplies among the people of such country, (2) to observe and report with respect to the carrying out of the assurances given to the President pursuant to section 3, and (3) to seek arrangements that reparations payable from current production by any such country to any other country by treaty be postponed during the period of such relief.

[With respect to the furnishing of relief assistance pursuant to this joint resolution, the President shall appoint, by and with the advice and consent of the

Senate, a field administrator who shall direct the supervision of such relief assistance. Such administrator shall receive compensation at a rate not to exceed \$12,000 per annum, and any necessary expenses, as the President shall determine. He shall act in accordance with the instructions of the President.

【The authority of the President under sections 2 and 3 and under this section may, to the extent the President directs, be exercised by the Secretary of State.

【SEC. 5. (a) The President shall promptly terminate the provision of relief assistance to the people of any country whenever he determines (1) that, by reason of changed conditions, the provision of relief assistance of the character authorized by this joint resolution is no longer necessary, (2) that any of the assurances given pursuant to section 3 are not being carried out, (3) that an excessive amount of any supplies transferred or otherwise made available pursuant to this joint resolution, or of similar supplies produced locally or imported from outside sources, is being used to assist in the maintenance of armed forces in such country, or (4) that supplies transferred or otherwise made available pursuant to this joint resolution, or similar supplies produced locally or imported from outside sources, are being exported or removed from such country.

【(b) Relief assistance to the people of any country, under this joint resolution, shall, unless sooner terminated by the President, be terminated whenever such termination is directed by concurrent resolution of the two Houses of the Congress.

【SEC. 6. To the extent that relief supplies procured with funds authorized under this joint resolution are not furnished on terms of repayment in dollars, they shall be furnished only upon condition that the government of the receiving country agree that when it sells such relief supplies for local currency (a) the amounts of such local currency will be deposited by it in a special account; (b) such account will be used within such country, as a revolving fund, until June 30, 1948, only upon the approval of the duly authorized representative of the United States, for relief and work relief purposes, including local currency expenses of the United States incident to the furnishing of relief; and (c) any unencumbered balance remaining in such account on June 30, 1948, will be disposed of within such country for such purposes as the United States Government, pursuant to Act or joint resolution of the Congress, may determine.

【SEC. 7. The President shall submit to the Congress quarterly reports of expenditures and activities under authority of this joint resolution.】

FOREIGN AID ACT OF 1947

【AN ACT To promote world peace and the general welfare, national interest, and foreign policy of the United States by providing aid to certain foreign countries.

【*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Foreign Aid Act of 1947"*】

【SEC. 2. It is the purpose of this Act to provide immediate aid urgently needed by the peoples of Austria, China, France, and Italy, hereinafter referred to as the recipient countries, to alleviate conditions of hunger and cold and prevent serious economic retrogression.

【SEC. 3. The President, acting through such existing departments, agencies, or independent establishments of the Government as he shall direct, may, by allocation of funds herein authorized to any such existing departments, agencies, or independent establishments, or by establishing in this country credits subject to the control of the President, whenever he finds it in furtherance of the purposes of this Act and upon the terms and conditions set forth in this Act—

【(a) procure, or provide for the procurement of, from any source—

【(1) food, medical supplies, fibers, fuel, petroleum and petroleum products, fertilizer, pesticides, and seed, delivered in a recipient country on or after the date of the enactment of this Act; and

【(2) incentive goods, consisting of commodities not in short supply in the United States, including Government-owned stocks, to be used, distributed, or sold in a recipient country, under a specific agreement previously entered into pursuant to section 5 (g) to increase the production or distribution of locally produced commodities referred to in paragraph (1) of this subsection (a) : *Provided*, That not more than 5 per centum of the funds made available under the authority of this Act may be used to procure such incentive goods;

【(b) transport and store, or provide for transportation and storage of, such commodities;

[(c) transfer such commodities to any recipient country;

[(d) incur and defray expenses, including administrative expenses and expenses for compensation and travel of personnel, for carrying out the purposes of this Act.

[SEC. 4. The President shall promulgate regulations controlling the purchase or procurement of commodities under this Act designed to minimize (a) the drain upon the natural resources of the United States and (b) the impact of such purchase or procurement upon the domestic price level: *Provided*—

[(1) That procurement may be from foreign sources whenever the cost delivered to the recipient country will be less than the cost delivered from the United States;

[(2) That, except in the case of commodities not produced in commercial quantities in the United States, not more than 10 per centum of the funds made available under the authority of this Act may be used to procure commodities abroad at delivered cost higher than from the United States, its Territories and possessions: *Provided*, That the President shall find that such commodities are in short supply or not readily available in the United States: *Provided further*, That no funds made available under the authority of this Act shall be used by any procurement agency of the United States Government for the purchase, within the United States and its Territories and possessions, of any commodities (other than commodities procured by or in the possession of the Commodity Credit Corporation pursuant to Act of July 1, 1941, 55 Stat. 498, as amended) at prices higher than the market price prevailing at the time of the purchase in the area wherein the purchase is made;

[(3) That the President shall, in making a finding of short supply in the United States, consider (a) the drain upon natural resources, and (b) the effect of the necessary procurement upon domestic prices;

[(4) That the procurement of petroleum and petroleum products shall, to the maximum extent practicable, be made from petroleum sources outside of the United States and its Territories and possessions; and wherever practicable such petroleum and petroleum products shall be delivered to the recipient country by the most economical route from the source of supply.

[SEC. 5. Before any commodities are made available to any recipient country under the authority of this Act, an agreement shall be entered into, subject to the limitations and provisions of this Act, between such country and the United States containing an undertaking by such country—

[(a) to make efficient use of any commodities made available under the authority of this Act and to take insofar as possible the economic measures necessary to increase its ability to achieve a self-sustaining economy;

[(b) to make, when any commodity which is not furnished on terms of repayment in dollars is made available under this Act, a commensurate deposit in the currency of such country in a special account under such general terms and conditions as may, in said agreement, be agreed to between such country and the Government of the United States, and to hold or use such special account for, and only for, such purposes as may be agreed to between such country and the Government of the United States, and under agreement by the government of the receiving country that any unencumbered balance remaining in such account on June 30, 1948, will be disposed of within such country for such purposes as may, subject to approval by Act or joint resolution of the Congress, be agreed between such country and the Government of the United States;

[(c) to give full and continuous publicity by all available media (including government press and radio) within such country, so as to inform the ultimate consumers, as to the purpose, source, character, and amounts of commodities made available under the authority of this Act;

[(d) to furnish promptly upon request of the President information concerning the method of distribution and use of commodities made available under this Act, and to furnish on March 31, 1948, or as soon as practicable thereafter, information showing—

[(1) an itemized list of commodities made available with funds provided under this Act;

[(2) the total amount of money received by such country from the sale of commodities made available under this Act and the average price charged per unit for each commodity;

[(3) a detailed statement of the disposition of all money and other things of value received from the sale or transfer of any commodities made available under this Act; and

[(4) such other information concerning the distribution and use of commodities made available under this Act as may be requested by the President;

[(e) to make available to its people at reasonable prices, consistent with economic conditions in the recipient country, such commodities as it may sell under the terms of this Act; and, where necessary, to distribute to indigent and needy persons their fair share of all available food supplies;

[(f) to make all possible efforts to secure the maximum production and distribution of locally produced commodities, and not to permit any measures to be taken involving sale, distribution, or use of any commodities of the character covered in this Act which would reduce the locally produced supply of such commodities or the utilization of foreign sources of supply other than the United States;

[(g) to enter into specific agreements providing for such use, distribution, and sale of each classification of incentive goods, made available to it under the authority of this Act, as will increase the production or distribution of locally produced commodities referred to in paragraph (1) of section 3 (a);

[(h) not to export or permit removal from such country, while need therefore continues, of commodities made available under the authority of this Act or commodities of the same character produced locally or imported from outside sources, except to the extent agreed upon by the Government of the United States;

[(i) to permit representatives of the Government of the United States, including such committees of the Congress as may be authorized by their respective Houses, to observe, advise, and report on the distribution among the people of such country of commodities made available under the authority of this Act;

[(j) to permit representatives of the press and radio of the United States to observe and report on the distribution and utilization of the commodities made available under this Act and the special account provided for in subsection (b) of this section.

[SEC. 6. The President shall promptly terminate the provision of aid under this Act for any country (a) whenever he determines that such country is not adhering to the terms of its agreement entered into in accordance with section 5 of this Act; or (b) whenever he finds, by reason of changed conditions, that the provision of aid under this Act is no longer necessary or desirable; or (c) whenever he finds that because of changed conditions aid under this Act is no longer consistent with the national interests of the United States.

[SEC. 7. All commodities made available under the authority of this Act or the containers of such commodities shall, to the extent practicable, be marked, stamped, branded, or labeled in a conspicuous place as legibly, indelibly, and permanently as the nature of such commodities or containers will permit, in such manner as to indicate to the people of the country of destination that such commodities have been furnished or made available by the United States of America.

[SEC. 8. Wherever reference is made, in this Act, to commodities made available under the authority of this Act, such reference shall be deemed to include commodities procured with credits made available to a recipient country under the authority of this Act.

[SEC. 9. The President shall take appropriate steps to encourage other countries to make available to recipient countries such aid as they may be able to furnish.

[SEC. 10. The President may, from time to time, promulgate such rules and regulations as he may find necessary and proper to carry out any of the provisions of this Act: *Provided*, That nothing in this Act shall be deemed to authorize the issuance of any proclamations, orders, rules, or regulations in any way controlling production or prices or allocating deliveries of any commodity within the United States. He may delegate to the Secretary of State any of the powers or authority conferred on him under this Act. In accordance with the direction of the President, the responsibility for administering in the recipient countries the program of assistance provided for in this Act shall be vested in the field administrator of the United States foreign relief program appointed pursuant to section 4 of the joint resolution of May 31, 1947 (Public Law 84, Eightieth Congress). The provisions of subsections (i) and (j) of section 5 of this Act shall not apply to distribution of commodities in Austria: *Provided*, That the President shall have determined, upon recommendation of the United States High Commissioner for Austria, that commodities furnished to Austria hereunder will be distributed under control systems embodied in agreements between the High Commissioner and the other occupying authorities or the Austrian Government which assure compliance with the ob-

jectives of the occupation and with the purposes of this Act. No citizen or resident of the United States shall serve under this Act as a United States representative, observer, or adviser until such person has been investigated as to loyalty and security by the Federal Bureau of Investigation. The field administrator may, when he finds it essential to the purposes of this Act, utilize for observation the services of a limited number of other persons, who shall be investigated and approved by the field administrator.

[SEC. 11. (a) There is hereby authorized to be appropriated not to exceed \$597,000,000, out of any money in the Treasury not otherwise appropriated, to carry out the provisions and accomplish the purposes of this Act. This Act, however, shall not imply any present or future obligation to give aid to any foreign country, nor shall it imply or guarantee the availability of any specific commodities.

[(b) Notwithstanding any other provision of this Act, none of the funds authorized or made available under this Act shall be used or made available for use for the acquisition of wheat, wheat flour, or cereal grain in the United States or the shipment thereof from the United States unless the President shall first—

[(1) survey the requirements of other countries which are dependent upon the United States for a portion of their supplies of such commodities;

[(2) estimate the quantities of such commodities which will probably be made available to such countries from the United States; and

[(3) estimate the total amount of such commodities available for export from the United States to the recipient countries, after giving due consideration to the quantity thereof required in this country for food, feed, seed, and industrial uses, and for the needs of other countries dependent upon the United States for supplies of such commodities. In estimating the amount of such commodities available for export from the United States the President shall allow for a carry-over of wheat in the United States as of July 1, 1948, of not less than one hundred and fifty million bushels to protect the economy of the United States from inflationary prices and to insure against a scarcity of bread for domestic consumption during the twelve-month period beginning July 1, 1948.

[The funds authorized herein shall not be made available or used to acquire a quantity of wheat, wheat flour and cereal grain in the United States which, after taking into consideration the amount estimated for export to other countries, and the amount needed for domestic consumption in the United States, will leave a carry-over of less than one hundred and fifty million bushels of wheat on July 1, 1948, unless the estimates of the President after March 1, 1948, justify an increase in the amount available for export to recipient countries with full protection for domestic needs.

[(c) Funds authorized under this Act, when allocated to any department, agency, or independent establishment of the Government, shall be available for obligation and expenditure in accordance with the laws governing obligations and expenditures of such department, agency, or independent establishment or organizational unit thereof concerned, and without regard to sections 3709 and 3648 of the Revised Statutes, as amended (41 U. S. C. 5; 31 U. S. C. 529).

[(d) Notwithstanding the provisions of any other law, the Reconstruction Finance Corporation is authorized and directed, until such time as an appropriation shall be made pursuant to this section, to make advances, not to exceed in the aggregate \$150,000,000, to carry out the provisions of this Act, in such manner and in such amounts as the President shall determine. From appropriations authorized under this section, there shall be repaid without interest to the Reconstruction Finance Corporation the advances made by it under the authority contained herein. No interest shall be charged on advances made by the Treasury to the Reconstruction Finance Corporation in implementation of this subsection.

[(e) Notwithstanding any other provision of law, any commodity heretofore or hereafter acquired by any agency of the Government under any price-support program shall, to the extent that such commodity is determined by the President to be appropriate for such purpose and in excess of domestic requirements, be utilized in providing aid under this Act or any other Act providing for assistance and relief to foreign countries, and shall be disposed of by such agency for such purpose at such price as may be determined by such agency, which price may be the equivalent of the domestic market price of a quantity of wheat having a caloric value equal to that of the quantity of the commodity so disposed of. Any such agency shall report to the Congress on March 31, 1948, or as soon as practicable thereafter, the amount of losses incurred by it as the result of the disposition of commodities hereunder and the Secretary of the Treasury is authorized and

directed to cancel notes of such agency held by him in an amount equal to the amount of such losses.

【SEC. 12. Personnel employed to carry out the purposes of this Act shall not be included in computing limitations on personnel established pursuant to the Federal Employees Pay Act of 1945 (59 Stat. 298), as amended by section 14 of the Federal Employees Pay Act of 1946 (60 Stat. 219).

【SEC. 13. The President, from time to time, but not less frequently than once every calendar quarter, and until the end of the quarterly period after all operations under the authority of this Act have been completed, shall transmit to the Congress a report of operations under this Act. All information received pursuant to undertakings provided for by section 5 (d) of this Act shall, as soon as may be practicable after the receipt thereof, be reported to the Congress. Reports provided for under this section shall be transmitted to the Secretary of the Senate or the Clerk of the House of Representatives, if the Senate or the House of Representatives, as the case may be, is not in session.

【SEC. 14. The functions, applicable records, and funds provided for the purposes of carrying out this Act shall be transferred to the administration of any organization for general foreign aid which Congress may provide. To the extent that any funds may be made available under provisions of any other Act heretofore or hereafter passed relating to China, any funds reserved under this Act for China may be used for aid to the other countries named in section 2 of this Act.

【SEC. 15. After March 31, 1948, no funds may be obligated for the procurement of commodities provided for under this Act.

【SEC. 16. (a) Clause (1) in the proviso in the first paragraph of the first section of the joint resolution of May 31, 1947 (Public Law 84, Eightieth Congress), is amended to read as follows: "(1) to constitute more than 57 per centum of the aggregate amount contributed to said fund by all governments, including the United States;"

【(b) The amendment made by subsection (a) of this section shall take effect as of May 31, 1947.

【SEC. 17. If any provision of this Act or the application of such provision to any circumstance shall be held invalid, the validity of the remainder of the Act and the applicability of such provision to other circumstances shall not be affected thereby.

【SEC. 18. Nothing in this Act shall be construed to make inapplicable, in the case of commodities procured under the authority of this Act, the authority to prohibit or curtail exports granted by section 6 of the Act of July 2, 1940 (Public Law 703, Seventy-sixth Congress), as now in force or as hereafter amended.】

FOREIGN ASSISTANCE ACT OF 1948, AS AMENDED

【AN ACT To promote world peace and the general welfare, national interest, and foreign policy of the United States through economic, financial, and other measures necessary to the maintenance of conditions abroad in which free institutions may survive and consistent with the maintenance of the strength and stability of the United States

【*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That this Act may be cited as the "Foreign Assistance Act of 1948".

【TITLE I

* * * * *

【SEC. 104. (e) Any department, agency, or establishment of the Government (including, whenever used in this title, any corporation which is an instrumentality of the United States) performing functions under this title is authorized to employ, for duty within the continental limits of the United States, such personnel as may be necessary to carry out the provisions and purposes of this title, and funds available pursuant to section 114 of this title shall be available for personal services in the District of Columbia and elsewhere without regard to section 14 (a) of the Federal Employees Pay Act of 1946 (60 Stat. 219). Of such personnel employed by the Administration, not to exceed one hundred may be compensated without regard to the provisions of the Classification Act of 1923, as amended, of whom not more than twenty-five may be compensated at a rate in excess of the highest rate authorized by such Act, but not in excess of \$15,000 per annum. Experts and consultants or organizations thereof, as authorized by section 15 of the Act of August 2, 1946 (U. S. C., title 5, sec. 55a), may be employed by the Administration, and individuals so employed may be compensated at rates not in excess of \$50 per diem and while away from their homes or regular places of

business, they may be paid actual travel expenses and not to exceed \$10 per diem in lieu of subsistence and other expenses while so employed.

[(f) The Administrator may, from time to time, promulgate such rules and regulations as may be necessary and proper to carry out his functions under this title, and he may delegate authority to perform any of such functions to his subordinates, acting under his direction and under rules and regulations promulgated by him.

* * * * *

[SEC. 105. (c) The Administrator and the department, agency, or officer in the executive branch of the Government exercising the authority granted to the President by the Export Control Act of 1949, shall keep each other fully and currently informed on matters, including prospective action, arising within the scope of their respective duties which are pertinent to the duties of the other. Whenever the Administrator believes that any action, proposed action, or failure to act on the part of such department, agency, or officer in performing functions under this title is inconsistent with the purposes and provisions of this title, he shall consult with such department, agency, or officer and, if differences of view are not adjusted by consultation, the matter shall be referred to the President for final decision.

* * * * *

[PUBLIC ADVISORY BOARD]

[SEC. 107. (a) There is hereby created a Public Advisory Board (hereinafter referred to as the "Board"), which shall advise and consult with the Administrator with respect to general or basic policy matters arising in connection with the Administrator's discharge of his responsibilities. The Board shall consist of the Administrator, who shall be Chairman, and not to exceed twelve additional members to be appointed by the President, by and with the advice and consent of the Senate, and who shall be selected from among citizens of the United States of broad and varied experience in matters affecting the public interest, other than officers and employees of the United States (including any agency or instrumentality of the United States) who, as such, regularly receive compensation for current services. The Board shall meet at least once a month and at other times upon the call of the Administrator or when three or more members of the Board request the Administrator to call a meeting. Not more than a majority of two of the members shall be appointed to the Board from the same political party. Members of the Board, other than the Administrator, shall receive, out of funds made available for the purposes of this title, a per diem allowance of \$50 for each day spent away from their homes or regular places of business, for the purpose of attendance at meetings of the Board, or at conferences held upon the call of the Administrator, and in necessary travel and while so engaged, they may be paid actual travel expenses and not to exceed \$10 per diem in lieu of subsistence and other expenses.

[(b) The Administrator may appoint such other advisory committees as he may determine to be necessary or desirable to effectuate the purposes of this title.

* * * * *

[SPECIAL ECA MISSIONS ABROAD]

[SEC. 109. (a) There shall be established for each participating country, except as provided in subsection (d) of this section, a special mission for economic cooperation under the direction of a chief who shall be responsible for assuring the performance within such country of operations under this title. The chief shall be appointed by the Administrator, shall receive his instructions from the Administrator, and shall report to the Administrator on the performance of the duties assigned to him. The chief of the special mission shall take rank immediately after the chief of the United States diplomatic mission in such country; and the chief of the special mission shall be entitled to receive the same compensation and allowances as a chief of mission, class 3, or a chief of mission, class 4, within the meaning of the Act of August 13, 1946 (60 Stat. 999), or compensation and allowances in accordance with section 110 (a) of this title, as the Administrator shall determine to be necessary or appropriate.

* * * * *

[(c) The Secretary of State shall provide such office space, facilities, and other administrative services for the United States Special Representative in Europe and his staff, and for the special mission in each participating country, as may be agreed between the Secretary of State and the Administrator.

[(d) With respect to any of the zones of occupation of Germany and of the Free Territory of Trieste, during the period of occupation, the President shall make appropriate administrative arrangements for the conduct of operations under this title, in order to enable the Administrator to carry out his responsibility to assure the accomplishment of the purposes of this title.

[PERSONNEL OUTSIDE UNITED STATES

[SEC. 110. (a) For the purpose of performing functions under this title outside the continental limits of the United States the Administrator may—

[(1) employ persons who shall receive compensation at any of the rates provided for the Foreign Service Reserve and Staff by the Foreign Service Act of 1946 (60 Stat. 999), together with allowances and benefits established thereunder; and

[(2) recommend the appointment or assignment of persons, and the Secretary of State may appoint or assign such persons, to any class in the Foreign Service Reserve or Staff for the duration of operations under this title, and the Secretary of State may assign, transfer, or promote such persons upon the recommendation of the Administrator. Persons so appointed to the Foreign Service Staff shall be entitled to the benefits of section 528 of the Foreign Service Act of 1946.

[(b) For the purpose of performing functions under this title outside the continental limits of the United States, the Secretary of State may, at the request of the Administrator, appoint, for the duration of operations under this title, alien clerks and employees in accordance with applicable provisions of the Foreign Service Act of 1946 (60 Stat. 999).

* * * * *

[NATURE AND METHOD OF ASSISTANCE

[SEC. 111. (a) The Administrator may, from time to time, furnish assistance to any participating country by providing for the performance of any of the functions set forth in paragraphs (1) through (5) of this subsection when he deems it to be in furtherance of the purposes of this title, and upon the terms and conditions set forth in this title and such additional terms and conditions consistent with the provisions of this title as he may determine to be necessary and proper.

[(1) Procurement from any source, including Government stocks on the same basis as procurement by Government agencies under Public Law 375 (Seventy-ninth Congress) for their own use, of any commodity which he determines to be required for the furtherance of the purposes of this title. As used in this title, the term "commodity" means any commodity, material, article, supply, or goods necessary for the purposes of this title.

[(2) Processing, storing, transporting, and repairing any commodities, or performing any other services with respect to a participating country which he determines to be required for accomplishing the purposes of this title. The Administrator shall, in providing for the procurement of commodities under authority of this title, take such steps as may be necessary to assure, as far as is practicable, that at least 50 per centum of the gross tonnage of commodities procured out of funds made available under this title and transported to or from the United States on ocean vessels, computed separately for dry bulk carriers, dry cargo liner and tanker services, is so transported on United States flag vessels to the extent such vessels are available at market rates for United States flag vessels; and, in the administration of this provision, the Administrator shall, insofar as practicable and consistent with the purposes of this title, endeavor to secure a fair and reasonable participation by United States flag vessels in cargoes by geographic area.

[(3) Procurement of and furnishing technical information and assistance.

[(4) Transfer of any commodity or service, which transfer shall be signified by delivery of the custody and right of possession and use of such commodity, or otherwise making available any such commodity, or by rendering a service to a participating country or to any agency or organization representing a participating country.

[(5) The allocation of commodities or services to specific projects designed to carry out the purposes of this title, which have been submitted to the Administrator by participating countries and have been approved by him.

[(b) In order to facilitate and maximize the use of private channels of trade, subject to adequate safeguards to assure that all expenditures in connection with such procurement are within approved programs in accordance with terms and

conditions established by the Administrator, he may provide for the performance of any of the functions described in subsection (a) of this section—

[(1) by establishing accounts against which, under regulations prescribed by the Administrator—

[(i) letters of commitment may be issued in connection with supply programs approved by the Administrator (and such letters of commitment, when issued, shall constitute obligations of the United States and monies due or to become due thereunder shall be assignable under the Assignment of Claims Act of 1940 and shall constitute obligations of applicable appropriations); and

[(ii) withdrawals may be made by participating countries, or agencies or organizations representing participating countries or by other persons or organizations, upon presentation of contracts, invoices, or other documentation specified by the Administrator under arrangements prescribed by the Administrator to assure the use of such withdrawals for purposes approved by the Administrator.

Such accounts may be established on the books of the Administration, or any other department, agency, or establishment of the Government specified by the Administrator, or, on terms and conditions approved by the Secretary of the Treasury, in banking institutions in the United States. Expenditures of funds which have been made available through accounts so established shall be accounted for on standard documentation required for expenditures of Government funds: *Provided*, That such expenditures for commodities or services procured outside the continental limits of the United States under authority of this section may be accounted for exclusively on such certification as the Administrator may prescribe in regulations promulgated by him with the approval of the Comptroller General of the United States to assure expenditure in furtherance of the purposes of this title.

[(2) by utilizing the services and facilities of any department, agency, or establishment of the Government as the President shall direct, or with the consent of the head of such department, agency, or establishment, or, in the President's discretion, by acting in cooperation with the United Nations or with other international organizations or with agencies of the participating countries, and funds allocated pursuant to this section to any department, agency, or establishment of the Government shall be established in separate appropriation accounts on the books of the Treasury.

[(3) by making, under rules and regulations to be prescribed by the Administrator, guaranties to any person of investments in connection with projects, including expansion, modernization, or development of existing enterprises, approved by the Administrator and the participating country concerned as furthering the purposes of this title (including guaranties of investments in enterprises producing or distributing informational media consistent with the national interests of the United States: *Provided*, That the amount of such guaranties made in any fiscal year does not exceed \$10,000,000), which guaranties shall be limited to terms not exceeding twenty years from the date of issuance: *Provided*, That—

[(i) the guaranty to any person shall not exceed the amount of dollars invested in the project by such person with the approval of the Administrator plus actual earnings or profits on said project to the extent provided by such guaranty;

[(ii) the Administrator shall charge a fee in an amount determined by him not exceeding 1 per centum per annum of the amount of each guaranty under clause (1) of subparagraph (v), and not exceeding 4 per centum per annum of the amount of each guaranty under clause (2) of such subparagraph, and all fees collected hereunder shall be available for expenditure in discharge of liabilities under guaranties made under this paragraph until such time as all such liabilities have been discharged or have expired, or until all such fees have been expended in accordance with the provisions of this paragraph; and

[(iii) as used in this paragraph, the term "person" means a citizen of the United States or any corporation, partnership, or other association created under the law of the United States or of any State or Territory and substantially beneficially owned by citizens of the United States.

[(iv) as used in this paragraph, the term "investment" includes (A) any contribution of capital goods, materials, equipment, services, patents, processes, or techniques by any person in the form of a loan or loans to any enterprise to be conducted within a participating country, (B) the purchase of a share of ownership in any such enterprise, (C) participation in royalties,

earnings, or profits of any such enterprise, and (D) the furnishing of capital goods items and related services pursuant to a contract providing for payment in whole or in part after the end of the fiscal year in which the guaranty of such investment is made; and

[(v) the guaranty to any person shall be limited to assuring one or both of the following: (1) The transfer into United States dollars of other currencies, or credits in such currencies received by such person, as earnings or profits from the approved project, as repayment or return of the investment therein, in whole or in part, or as compensation for the sale or disposition of all or any part thereof; and (2) the compensation in United States dollars for loss of all or any part of the investment in the approved project which shall be found by the Administrator to have been lost to such person by reason of expropriation or confiscation by action of the government of a participating country. When any payment is made to any person pursuant to a guaranty as hereinbefore described, the currency, credits, asset, or investment on account of which such payment is made shall become the property of the United States Government, and the United States Government shall be subrogated to any right, title, claim, or cause of action existing in connection therewith.

It being the intent of the Congress that the guaranty herein authorized should be used to the maximum practicable extent and so administered as to increase the participation of private enterprise in achieving the purposes of this Act, the Administrator is authorized to issue guaranties up to a total of \$200,000,000: *Provided*, That any funds allocated to a guaranty and remaining after all liability of the United States assumed in connection therewith has been released, discharged, or otherwise terminated, shall be available for allocation to other guaranties, the foregoing limitation notwithstanding. Any payments made to discharge liabilities under guaranties issued under paragraph (3) of this subsection shall be paid out of fees collected under subparagraph (ii) of paragraph (3) of this subsection as long as such fees are available, and thereafter shall be paid out of funds realized from the sale of notes which shall be issued under authority of paragraph (2) of subsection (c) of this section when necessary to discharge liabilities under any such guaranty.

[(c) (1) The Administrator may provide assistance for any participating country, in the form and under the procedures authorized in subsections (a) and (b), respectively, of this section, through grants or upon payment in cash, or on credit terms, or on such other terms of payment as he may find appropriate, including payment by the transfer to the United States (under such terms and in such quantities as may be agreed to between the Administrator and the participating country) of materials which are required by the United States as a result of deficiencies or potential deficiencies in its own resources. In determining whether such assistance shall be through grants or upon terms of payment, and in determining the terms of payment, he shall act in consultation with the National Advisory Council on International Monetary and Financial Problems, and the determination whether or not a participating country should be required to make payment for any assistance furnished to such country in furtherance of the purposes of this title, and the terms of such payment, if required, shall depend upon the character and purpose of the assistance and upon whether there is reasonable assurance of repayment considering the capacity of such country to make such payments without jeopardizing the accomplishment of the purposes of this title.

[(2) When it is determined that assistance should be extended under the provisions of this title on credit terms, the Administrator shall allocate funds for the purpose to the Export-Import Bank of Washington, which shall, notwithstanding the provisions of the Export-Import Bank Act of 1945 (59 Stat. 526), as amended, make and administer the credit on terms specified by the Administrator in consultation with the National Advisory Council on International Monetary and Financial Problems. The Administrator is authorized to issue notes from time to time for purchase by the Secretary of the Treasury in an amount not exceeding in the aggregate \$1,000,000,000 (i) for the purpose of allocating funds to the Export-Import Bank of Washington under this paragraph during the period of one year following the date of enactment of this Act and (ii) for the purpose of carrying out the provisions of paragraph (3) of subsection (b) of this section until all liabilities arising under guaranties made pursuant to such paragraph (3) have expired or have been discharged. In addition to the amount of notes above authorized, the Administrator is authorized, for the purpose of carrying out the provisions of paragraph (3) of subsection (b) of this section, to issue notes from time to time for purchase by the Secretary of the Treasury in an amount not exceeding in the aggregate \$200,000,000 less any

amount allocated prior to April 3, 1949, for such purpose, until all liabilities arising under guaranties made pursuant to this authorization have expired or been discharged. The notes hereinabove authorized shall be redeemable at the option of the Administrator before maturity in such manner as may be stipulated in such notes and shall have such maturity as may be determined by the Administrator with the approval of the Secretary of the Treasury. Each such note shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the note. Payment under this paragraph of the purchase price of such notes and repayments thereof by the Administrator shall be treated as public-debt transactions of the United States. In allocating funds to the Export-Import Bank of Washington for assistance on credit terms under this paragraph, the Administrator shall first utilize such funds realized from the sale of notes authorized by this paragraph as he determines to be available for this purpose, and when such funds are exhausted, or after the end of one year from the date of enactment of this Act, whichever is earlier he shall utilize any funds appropriated under this title. The Administrator shall make advances to, or reimburse, the Export-Import Bank of Washington for necessary administrative expenses in connection with such credits. Credits made by the Export-Import Bank of Washington with funds so allocated to it by the Administrator shall not be considered in determining whether the Bank has outstanding at any one time loans and guaranties to the extent of the limitation imposed by section 7 of the Export-Import Bank Act of 1945 (59 Stat. 529), as amended. Amounts received in repayment of principal and interest on any credits made under this paragraph shall be deposited into miscellaneous receipts of the Treasury: *Provided, That*, to the extent required for such purpose, amounts received in repayment of principal and interest on any credits made out of funds realized from the sale of notes authorized under this paragraph shall be deposited into the Treasury for the purpose of the retirement of such notes.

* * * * *

[(d) The Administrator is authorized to transfer funds directly to any central institution or other organization formed to further the purposes of this Act by two or more participating countries, or to any participating country or countries in connection with the operations of such institution or organization, to be used on terms and conditions specified by the Administrator, in order to facilitate the development of transferability of European currencies, or to promote the liberalization of trade by participating countries with one another and with other countries.

[PROTECTION OF DOMESTIC ECONOMY

[SEC. 112. (a) The Administrator shall provide for the procurement in the United States of commodities under this title in such a way as to (1) minimize the drain upon the resources of the United States and the impact of such procurement upon the domestic economy, and (2) avoid impairing the fulfillment of vital needs of the people of the United States, and (3) minimize the burden on the American taxpayer by reducing the amount of dollar purchases by the participating countries to the greatest extent possible, consistent with maintaining an adequate supply of the essentials for the functioning of their economies and for their continued recovery.

* * * * *

[(d) The term "surplus agricultural commodity" as used in this section is defined as any agricultural commodity, or product thereof, or class, type, or specification thereof, produced in the United States which is determined by the Secretary of Agriculture to be in excess of domestic requirements. In providing for the procurement of any such surplus agricultural commodity for transfer by grant to any participating country in accordance with the requirements of such country, the Administrator shall, insofar as practicable and where in furtherance of the purposes of this title, give effect to the following:

[(1) The Administrator shall authorize the procurement of any such surplus agricultural commodity only within the United States: *Provided, That* this restriction shall not be applicable (i) to any agricultural commodity, or product thereof, located in one participating country, and intended for transfer to another participating country, if the Administrator, in consultation with the Secretary of Agriculture, determines that such procurement and transfer is in furtherance of the purposes of this title, and would not create a burdensome surplus in the United States or seriously prejudice the position of domestic producers of such surplus

agricultural commodities, or (ii) if, and to the extent that any such surplus agricultural commodity is not available in the United States in sufficient quantities to supply the requirements of the participating countries under this title.

[(2) In providing for the procurement of any such surplus agricultural commodity, the Administrator shall, insofar as practicable and applicable, and after giving due consideration to the excess of any such commodity over domestic requirements, and to the historic reliance of United States producers of any such surplus agricultural commodity upon markets in the participating countries, provide for the procurement of each class or type of any such surplus agricultural commodity in the approximate proportion that the Secretary of Agriculture determines such classes or types bear to the total amount of excess of such surplus agricultural commodity over domestic requirements.

[(e) Whenever the Secretary of Agriculture determines that any quantity of any surplus agricultural commodity, heretofore or hereafter acquired by Commodity Credit Corporation in the administration of its price-support programs, is available for use in furnishing assistance to foreign countries, he shall so advise all departments, agencies, and establishments of the Government administering laws providing for the furnishing of assistance or relief to foreign countries (including occupied or liberated countries or areas of such countries). Thereafter the department, agency, or establishment administering any such law shall, to the maximum extent practicable, consistent with the provisions and in furtherance of the purposes of such law, and where for transfer by grant and in accordance with the requirements of such foreign country, procure or provide for the procurement of such quantity of such surplus agricultural commodity. The sale price paid as reimbursement to Commodity Credit Corporation for any such surplus agricultural commodity shall be in such amount as Commodity Credit Corporation determines will fully reimburse it for the cost to it of such surplus agricultural commodity at the time and place such surplus agricultural commodity is delivered by it, but in no event shall the sales price be higher than the domestic market price at such time and place of delivery as determined by the Secretary of Agriculture, and the Secretary of Agriculture may pay not to exceed 50 per centum of such sales price as authorized by subsection (f) of this section.

[(f) Subject to the provisions of this section, but notwithstanding any other provision of law, in order to encourage utilization of surplus agricultural commodities pursuant to this or any other Act providing for assistance or relief to foreign countries, the Secretary of Agriculture, in carrying out the purposes of clause (1), section 32, Public Law 320, Seventy-fourth Congress, as amended, may make payments, including payments to any government agency procuring or selling such surplus agricultural commodities, in an amount not to exceed 50 per centum of the sales price (basis free along ship or free on board vessel, United States ports), as determined by the Secretary of Agriculture, of such surplus agricultural commodities. The rescission of the remainder of section 32 funds by the Act of July 30, 1947 (Public Law 266, Eightieth Congress), is hereby canceled and such funds are hereby made available for the purposes of section 32 for the fiscal year ending June 30, 1948.

[(g) No export shall be authorized pursuant to authority conferred by the Export Control Act of 1949 of any commodity from the United States to any country wholly or partly in Europe which is not a participating country, if the department, agency, or officer in the executive branch of the Government exercising the authority granted to the President by the Export Control Act of 1949 determines that the supply of such commodity is insufficient (or would be insufficient if such export were permitted) to fulfill the requirements of participating countries under this title as determined by the Administrator: *Provided, however,* That such export may be authorized if such department, agency, or officer determines that such export is otherwise in the national interest of the United States.

[(h) In providing for the performance of any of the functions described in subsection (a) of section 111, the Administrator shall, to the maximum extent consistent with the accomplishment of the purposes of this title, utilize private channels of trade.

* * * * *

[(j) The Administrator shall, in providing assistance in the procurement of commodities in the United States, make available United States dollars for marine insurance on such commodities where such insurance is placed on a competitive basis in accordance with normal trade practices prevailing prior to the outbreak of World War II.

[(k) No funds authorized for the purposes of this title shall be used in the United States for advertising foreign products or for advertising foreign travel.

[(l) No funds authorized for the purposes of this title shall be used for the purchase in bulk of any commodities at prices higher than the market price prevailing in the United States at the time of the purchase adjusted for differences in the cost of transportation to destination, quality, and terms of payment. A bulk purchase within the meaning of this subsection does not include the purchase of raw cotton in bales.

[(m) Notwithstanding any other provision of law, the pricing provisions of section 112 (e) of this title and section 4 of the Act of July 16, 1943 (57 Stat. 566) shall not be applicable to domestic wheat and wheat flour procured under this title or any other Act providing for assistance or relief to foreign countries, supplied to countries which are parties to the International Wheat Agreement of 1949 and credited to their guaranteed purchases thereunder.

[(n) It is the sense of Congress that no participating country shall maintain or impose any import, currency, tax, license, quota, or other similar business restrictions which discriminate against citizens of the United States or any corporation, partnership, or other association substantially beneficially owned by citizens of the United States, engaged or desiring to engage, in furtherance of the purposes of this title, in the importation into such country of any commodity, which restrictions are not reasonably required to meet balance-of-payments conditions, or requirements of national security, or are not authorized under international agreements to which such country and the United States are parties. In any case where the Department of State determines that any such discriminatory restriction is maintained or imposed by a participating country or by any dependent area of such country, the Administrator shall take such remedial action as he determines will effectively promote the purposes of this subsection (n).

[REIMBURSEMENT TO GOVERNMENT AGENCIES

[SEC. 113. (a) The Administrator shall make reimbursement or payment, out of funds available for the purposes of this title, for any commodity, service, or facility procured under section 111 of this title from any department, agency, or establishment of the Government. Such reimbursement or payment shall be made to the owning or disposal agency, as the case may be, at replacement cost, or, if required by law, at actual cost, or at any other price authorized by law and agreed to between the Administrator and such agency. The amount of any reimbursement or payment to an owning agency for commodities, services, or facilities so procured shall be credited to current applicable appropriations, funds, or accounts from which there may be procured replacements of similar commodities or such services or facilities: *Provided*, That such commodities, services, or facilities may be procured from an owning agency only with the consent of such agency: *And provided further*, That where such appropriations, funds, or accounts are not reimbursable except by reason of this subsection, and when the owning agency determines that replacement of any commodity procured under authority of this section is not necessary, any funds received in payment therefor shall be covered into the Treasury as miscellaneous receipts.

[(b) The Administrator, whenever in his judgment the interests of the United States will best be served thereby, may dispose of any commodity procured out of funds made available for the purposes of this title, in lieu of transferring such commodity to a participating country, (1) by transfer of such commodity upon reimbursement, to any department, agency, or establishment of the Government for use or disposal by such department, agency, or establishment as authorized by law, or (2) without regard to provisions of law relating to the disposal of Government-owned property, when necessary to prevent spoilage or wastage of such commodity or to conserve the usefulness thereof. Funds realized from such disposal or transfer shall revert to the respective appropriation or appropriations out of which funds were expended for the procurement of such commodity.

[AUTHORIZATION OF APPROPRIATIONS

* * * * *

[SEC. 114. (d) Funds made available for the purposes of this title shall be available for incurring and defraying all necessary expenses incident to carrying out the provisions of this title, including administrative expenses and expenses for compensation, allowances and travel of personnel, including Foreign Service personnel whose services are utilized primarily for the purposes of this title, and, without regard to the provisions of any other law, for printing and binding and for expenditures outside the continental limits of the United States for the procurement of supplies and services and for other administrative purposes (other

than compensation of personnel) without regard to such laws and regulations governing the obligation and expenditure of government funds, as the Administrator shall specify in the interest of the accomplishment of the purposes of this title.

* * * * *

[(h) The President is authorized to transfer to any department or agency any portion of the funds allocated for assistance to Germany from appropriations authorized by subsection (c). This portion may be used for expenses, not otherwise provided for, necessary to meet responsibilities of the United States related to the rehabilitation of occupied areas of Germany, including the furnishing of minimum civilian supplies to prevent starvation, disease, and unrest prejudicial to the objectives of the occupation. This portion may be expended under authority of this subsection or any provisions of law, not inconsistent herewith, applicable to such department or agency and without regard to such provisions of this title as the President may specify as inapplicable.]

[(i) As agreed upon by the Secretary of State and the Administrator, a part of the German currency now or hereafter deposited under the bilateral agreement of December 15, 1949, between the United States and the Federal Republic of Germany, or any supplementary or succeeding agreement, shall be deposited into the GARIOA (Government and Relief in Occupied Areas) special account under the terms of article V of the said bilateral agreement. In quantities and under conditions determined by the Secretary of State after consultation with the Administrator, the currency so deposited shall be available for meeting the responsibilities of the United States in the occupation of Germany.]

[BILATERAL AND MULTILATERAL UNDERTAKINGS]

[SEC. 115. (a) The Secretary of State, after consultation with the Administrator, is authorized to conclude, with individual participating countries or any number of such countries or with an organization representing any such countries, agreements in furtherance of the purposes of this title. The Secretary of State, before an Administrator or Deputy Administrator shall have qualified and taken office, is authorized to negotiate and conclude such temporary agreements in implementation of subsection (b) of this section as he may deem necessary in furtherance of the purposes of this title: *Provided*, That when an Administrator or Deputy Administrator shall have qualified and taken office, the Secretary of State shall conclude the basic agreements required by subsection (b) of this section only after consultation with the Administrator or Deputy Administrator, as the case may be.]

[(b) * * * In addition to continued mutual cooperation of the participating countries in such a program, each such country shall conclude an agreement with the United States in order for such country to be eligible to receive assistance under this title. Such agreement shall provide for the adherence of such country to the purposes of this title and shall, where applicable, make appropriate provision, among others, for—

[(1) promoting industrial and agricultural production in order to enable the participating country to become independent of extraordinary outside economic assistance; and submitting for the approval of the Administrator, upon his request and whenever he deems it in furtherance of the purposes of this title, specific projects proposed by such country to be undertaken in substantial part with assistance furnished under this title, which projects, whenever practicable, shall include projects for increased production of coal, steel, transportation facilities, and food;

[(2) taking financial and monetary measures necessary to stabilize its currency, establish or maintain a valid rate of exchange, to balance its governmental budget as soon as practicable, and generally to restore or maintain confidence in its monetary system;

[(3) cooperating with other participating countries in facilitating and stimulating an increasing interchange of goods and services among the participating countries and with other countries and cooperating to reduce barriers to trade among themselves and with other countries;

[(4) making efficient and practical use, within the framework of a joint program for European recovery, of the resources of such participating country, including any commodities, facilities, or services furnished under this title, which use shall include, to the extent practicable, taking measures to locate and identify and put into appropriate use, in furtherance of such program, assets, and earnings therefrom, which belong to the citizens of such country]

and which are situated within the United States, its Territories and possessions;

[(5) facilitating the transfer to the United States by sale, exchange, barter, or otherwise for stock-piling or other purposes, for such period of time as may be agreed to and upon reasonable terms and in reasonable quantities of materials, which are required by the United States as a result of deficiencies or potential deficiencies in its own resources, and which may be available in such participating country after due regard for reasonable requirements for domestic use and commercial export of such country;

[(6) placing in a special account a deposit in the currency of such country, in commensurate amounts and under such terms and conditions as may be agreed to between such country and the Government of the United States, when any commodity or service is made available through any means authorized under this title, and is furnished to the participating country on a grant basis: *Provided*, That the obligation to make such deposits may be waived, in the discretion of the Administrator, with respect to technical information or assistance furnished under section 111 (a) (3) of this title and with respect to ocean transportation furnished on United States flag vessels under section 111 of this title in an amount not exceeding the amount, as determined by the Administrator, by which the charges for such transportation exceed the cost of such transportation at world market rates: *Provided further*, That such special account, together with the unencumbered portions of any deposits which may have been made by such country pursuant to section 6 of the joint resolution providing for relief assistance to the people of countries devastated by war (Public Law 84, Eightieth Congress) and section 5 (b) of the Foreign Aid Act of 1947 (Public Law 389, Eightieth Congress) shall be used in furtherance of any central institution or other organization formed by two or more participating countries to further the purposes set forth in subsection (d) of section 111 or otherwise shall be held or used for purposes of internal monetary and financial stabilization, for the stimulation of productive activity and the exploration for and development of new sources of wealth, for the encouragement of emigration pursuant to subsection (e) of this section, or for such other expenditures as may be consistent with the declaration of policy contained in section 102 and the purposes of this title, including local currency administrative and operating expenditures of the United States incident to operations, under this title: *Provided further*, That the use of such special account shall be subject to agreement between such country and the Administrator, who shall act in this connection after consultation with the National Advisory Council on International Monetary and Financial Problems and the Public Advisory Board provided for in section 107 (a): *And provided further*, That any unencumbered balance remaining in such account upon termination of assistance to such country under this Act shall be disposed of within such country for such purposes as may, subject to approval by Act or joint resolution by the Congress, be agreed to between such country and the Government of the United States; the Administrator shall exercise the power granted to him by this paragraph to make agreements with respect to the use of the funds deposited in the special accounts of "participating countries" (as defined in section 103 (a) hereof) and any other countries receiving assistance under the Mutual Defense Assistance Act of 1949, as amended, in such a manner that the equivalent of not less than \$500,000,000 of such funds shall be used exclusively for military production, construction, equipment, and matériel in such countries. The amount to be devoted from each such special account for such use shall be agreed upon by the Administrator and the country or countries concerned: *And provided further*, That whenever funds from such special account are used by a country to make loans, all funds received in repayment of such loans prior to termination of assistance to such country shall be reused only for such purposes as shall have been agreed to between the country and the Government of the United States.

[(7) publishing in such country and transmitting to the United States, not less frequently than every calendar quarter after the date of the agreement, full statements of operations under the agreement, including a report of the use of funds, commodities, and services received under this title;

[(8) furnishing promptly, upon request of the United States, any relevant information which would be of assistance to the United States in determining the nature and scope of operations and the use of assistance provided under this title;

[(9) recognizing the principle of equity in respect to the drain upon the natural resources of the United States and of the recipient countries, by agreeing to negotiate (a) a future schedule of minimum availabilities to the United States for future purchase and delivery of a fair share of materials which are required by the United States as a result of deficiencies or potential deficiencies in its own resources at world market prices so as to protect the access of United States industry to an equitable share of such materials either in percentages of production or in absolute quantities from the participating countries, and (b) suitable protection for the right of access for any person as defined in paragraph (iii) of subparagraph (3) of section 111 (b) in the development of such materials on terms of treatment equivalent to those afforded to the nationals of the country concerned, and (c) an agreed schedule of increased production of such materials where practicable in such participating countries and for delivery of an agreed percentage of such increased production to be transferred to the United States on a long-term basis in consideration of assistance furnished by the Administrator to such countries under this title; and

[(10) submitting for the decision of the International Court of Justice or of any arbitral tribunal mutually agreed upon any case espoused by the United States Government involving compensation of a national of the United States for governmental measures affecting his property rights, including contracts with or concessions from such country.

* * * * *

[(d) The Administrator shall encourage each participating country to insure, by an effective follow-up system, that efficient use is made of the commodities, facilities, and services furnished under this title. In order further to insure that each participating country makes efficient use of such commodities, facilities and services, and of its own resources, the Administrator shall encourage the joint organization of the participating countries referred to in subsection (b) of this section to observe and review the operation of such follow-up systems.

* * * * *

[(h) Not less than 10 per centum of each special local currency account established pursuant to paragraph (6) of subsection (b) of this section shall be allocated to the use of the United States Government for expenditure for materials which are required by the United States as a result of deficiencies or potential deficiencies in its own resources or for other other local currency requirements of the United States, and, without regard to section 1415 of the Supplemental Appropriation Act, 1953, for local currency requirements of appropriate committees of the Congress engaged in carrying out their duties under section 136 of the Legislative Reorganization Act of 1946;

* * * * *

[(j) The Administrator shall utilize such amounts of the local currency allocated pursuant to subsection (h) as may be necessary, to give full and continuous publicity through the press, radio, and all other available media, so as to inform the peoples of the participating countries regarding the assistance, including its purpose, source, and character, furnished by the American taxpayer.

* * * * *

[SEC. 117. (c) In order to further the efficient use of United States voluntary contributions for relief in participating countries receiving assistance under this title in the form of grants or any of the zones of occupation of Germany for which assistance is provided under this title and the Free Territory of Trieste or either of its zones, funds made available for the purposes of this title shall be used insofar as practicable by the Administrator, under rules and regulations prescribed by him, to pay ocean freight charges from a United States port to a designated foreign port of entry (1) of supplies donated to, or purchased by, United States voluntary nonprofit relief agencies registered with and recommended by the Advisory Committee on Voluntary Foreign Aid for operations in Europe, or (2) of relief packages conforming to such specified size, weight, and contents, as the Administrator may prescribe originating in the United States and consigned to an individual residing in a participating country receiving assistance under this title in the form of grants or any of the zones of occupation of Germany for which assistance is provided under this title and the Free Territory of Trieste or either of its zones: *Provided*, That the Administrator shall fix and pay a uniform rate per pound for the ocean transportation of all relief packages of food or other general classification of commodities shipped to any participating foreign country, regardless of methods of shipment and higher rates charged by particular agencies of

transportation, but this proviso shall not apply to shipments made by individuals to individuals through the mails. Where practicable the Administrator is directed to make an agreement with such country for the use of a portion of the deposit of local currency placed in a special account pursuant to paragraph 6 of subsection (b) of section 115 of this title, for the purpose of defraying the transportation cost of such supplies and relief packages from the port of entry of such country to the designated shipping point of consignee. The Secretary of State, after consultation with the Administrator, shall make agreements where practicable with the participating countries for the free entry of such supplies and relief packages.

* * * * *

[TERMINATION OF ASSISTANCE]

[SEC. 118. The Administrator, in determining the form and measure of assistance provided under this title to any participating country, shall take into account the extent to which such country is complying with its undertakings embodied in its pledges to other participating countries and in its agreement concluded with the United States under section 115. The Administrator shall terminate the provision of assistance under this title to any participating country whenever he determines that (1) such country is not adhering to its agreement concluded under section 115, or is diverting from the purposes of this title assistance provided hereunder, and that in the circumstances remedial action other than termination will not more effectively promote the purposes of this title or (2) because of changed conditions, assistance is no longer consistent with the national interest of the United States or (3) the provision of such assistance would be inconsistent with the obligations of the United States under the Charter of the United Nations to refrain from giving assistance to any State against which the United Nations is taking preventative or enforcement action. Termination of assistance to any country under this section shall include the termination of deliveries of all supplies scheduled under the aid program for such country and not yet delivered.

[EXEMPTION FROM CONTRACT AND ACCOUNTING LAWS]

[SEC. 119. When the President determines it to be in furtherance of the purposes of this title, the functions authorized under this title may be performed without regard to such provisions of law regulating the making, performance, amendment, or modification of contracts and the expenditure of Government funds as the President may specify.

[EXEMPTION FROM CERTAIN FEDERAL LAWS RELATING TO EMPLOYMENT]

[SEC. 120. Service of an individual as a member of the Public Advisory Board (other than the Administrator) created by section 107 (a), as a member of an advisory committee appointed pursuant to section 107 (b), as an expert or consultant under section 104 (e), or as an expert, consultant, or technician under section 124 (d), shall not be considered as service or employment bringing such individual within the provisions of section 109 or 113 of the Criminal Code (U. S. C., title 18, secs. 198 and 203), of section 190 of the Revised Statutes (U. S. C., title 5, sec. 99), or of section 19 (e) of the Contract Settlement Act of 1944, or of any other Federal law imposing restrictions, requirements, or penalties in relation to the employment of persons, the performance of services or the payment or receipt of compensation in connection with any claim, proceeding, or matter involving the United States.

[UNITED NATIONS]

[SEC. 121. (a) The President is authorized to request the cooperation of or the use of the services and facilities of the United Nations, its organs and specialized agencies, or other international organizations, in carrying out the purposes of this title, and may make payments by advancements or reimbursements, for such purposes, out of funds made available for the purposes of this title, as may be necessary therefor, to the extent that special compensation is usually required for such services and facilities. Nothing in this title shall be construed to authorize the Administrator to delegate to or otherwise confer upon any international or foreign organization or agency any of his authority to decide the method of furnishing assistance under this title to any participating country or the amount thereof.

* * * * *

[TITLE II

[SEC. 201. This title may be cited as the "International Children's Emergency Fund Assistance Act of 1948".

[SEC. 202. It is the purpose of this title to provide for the special care and feeding of children by authorizing additional moneys for the International Children's Emergency Fund of the United Nations.

[SEC. 203. The President is hereby authorized and directed any time after the date of the enactment of this Act and before July 1, 1950, to make contributions (a) from sums appropriated to carry out the purposes of this title and (b) from sums appropriated to carry out the general purposes of the proviso in the first paragraph of the first section of the joint resolution of May 31, 1947 (Public Law 84, Eightieth Congress), as amended, to the International Children's Emergency Fund of the United Nations for the special care and feeding of children.

[SEC. 204. No contribution shall be made pursuant to this title or such joint resolution of May 31, 1947, which would cause the sum of (a) the aggregate amount contributed pursuant to this title and (b) the aggregate amount contributed by the United States pursuant to such joint resolution of May 31, 1947, to exceed whichever of the following sums is the lesser:

[(1) 72 per centum of the total resources contributed after May 31, 1947, by all governments, including the United States, for programs carried out under the supervision of such Fund: *Provided*, That in computing the amount of resources contributed there shall not be included contributions by any government for the benefit of persons located within the territory of such contributing government; or

[(2) \$100,000,000.

[SEC. 205. Funds appropriated for the purposes of such joint resolution of May 31, 1947, shall remain available through June 30, 1950.

[SEC. 206. There is hereby authorized to be appropriated to carry out the purposes of this title through June 30, 1950, the sum of \$60,000,000.

[TITLE III

[SEC. 301. This title may be cited as the "Greek-Turkish Assistance Act of 1948".

[SEC. 302. In addition to the amounts authorized to be appropriated under subsection (b) of section 4 of the Act of May 22, 1947 (61 Stat. 103), there are hereby authorized to be appropriated not to exceed \$275,000,000 to carry out the provisions of such Act, as amended.

[SEC. 303. (a) Subsection (a) of section 4 of such Act of May 22, 1947, is hereby amended by adding at the end thereof the following: "The Reconstruction Finance Corporation is authorized and directed to make additional advances, not to exceed in the aggregate \$50,000,000, to carry out the provisions of this Act, as amended, in such manner and in such amounts as the President shall determine. No interest shall be charged on advances made by the Treasury to the Reconstruction Finance Corporation for this purpose."

[(b) Subsection (b) of section 4 of the said Act is hereby amended by inserting after the word "repaid" the following: "without interest".

[SEC. 304. Subsections (2) and (3) of section 1 of such Act of May 22, 1947, are hereby amended to permit detailing of persons referred to in such subsections to the United States Missions to Greece and Turkey as well as to the governments of those countries. Section 302 of the Act of January 27, 1948 (Public Law 402, Eightieth Congress), and section 110 (c) of the Economic Cooperation Act of 1948 (relating to investigations of personnel by the Federal Bureau of Investigation) shall be applicable to any person so detailed pursuant to such subsection (2) of such Act of 1947: *Provided*, That any military or civilian personnel detailed under section 1 of such Act of 1947 may receive such station allowances or additional allowances as the President may prescribe (and payments of such allowances heretofore made are hereby validated).

[TITLE IV

[SEC. 401. This title may be cited as the "China Aid Act of 1948".

[SEC. 402. Recognizing the intimate economic and other relationships between the United States and China, and recognizing that disruption following in the wake of war is not contained by national frontiers, the Congress finds that the existing situation in China endangers the establishment of a lasting peace, the general welfare and national interest of the United States, and the attainment of

the objectives of the United Nations. It is the sense of the Congress that the further evolution in China of principles of individual liberty, free institutions, and genuine independence rests largely upon the continuing development of a strong and democratic national government as the basis for the establishment of sound economic conditions and for stable international economic relationships. Mindful of the advantages which the United States has enjoyed through the existence of a large domestic market with no internal trade barriers, and believing that similar advantages can accrue to China, it is declared to be the policy of the people of the United States to encourage the Republic of China and its people to exert sustained common efforts which will speedily achieve the internal peace and economic stability in China which are essential for lasting peace and prosperity in the world. It is further declared to be the policy of the people of the United States to encourage the Republic of China in its efforts to maintain the genuine independence and the administrative integrity of China, and to sustain and strengthen principles of individual liberty and free institutions in China through a program of assistance based on self-help and cooperation: *Provided*, That no assistance to China herein contemplated shall seriously impair the economic stability of the United States. It is further declared to be the policy of the United States that assistance provided by the United States under this title should at all times be dependent upon cooperation by the Republic of China and its people in furthering the program: *Provided further*, That assistance furnished under this title shall not be construed as an express or implied assumption by the United States of any responsibility for policies, acts, or undertakings of the Republic of China or for conditions which may prevail in China at any time.

[SEC. 403. Aid provided under this title shall be provided under the applicable provisions of the Economic Cooperation Act of 1948 which are consistent with the purposes of this title. It is not the purpose of this title that China, in order to receive aid hereunder, shall adhere to a joint program for European recovery.

[SEC. 404. (a) In order to carry out the purposes of this title, there is hereby authorized to be appropriated to the President for aid to China a sum not to exceed \$338,000,000 to remain available for obligation for the period of one year following the date of enactment of this Act.

[(b) There is also hereby authorized to be appropriated to the President a sum not to exceed \$125,000,000 for additional aid to China through grants, on such terms as the President may determine and without regard to the provisions of the Economic Cooperation Act of 1948, to remain available for obligation for the period of one year following the date of enactment of this Act.

[SEC. 405. An agreement shall be entered into between China and the United States containing those undertakings by China which the Secretary of State, after consultation with the Administrator for Economic Cooperation, may deem necessary to carry out the purposes of this title and to improve commercial relations with China.

[SEC. 406. Notwithstanding the provisions of any other law, the Reconstruction Finance Corporation is authorized and directed, until such time as an appropriation is made pursuant to section 404, to make advances, not to exceed in the aggregate \$50,000,000, to carry out the provisions of this title in such manner and in such amounts as the President shall determine. From appropriations authorized under section 404, there shall be repaid without interest to the Reconstruction Finance Corporation the advances made by it under the authority contained herein. No interest shall be charged on advances made by the Treasury to the Reconstruction Finance Corporation in implementation of this section.

[SEC. 407. (a) The Secretary of State, after consultation with the Administrator, is hereby authorized to conclude an agreement with China establishing a Joint Commission on Rural Reconstruction in China, to be composed of two citizens of the United States appointed by the President of the United States and three citizens of China appointed by the President of China. Such Commission shall, subject to the direction and control of the Administrator, formulate and carry out a program for reconstruction in rural areas of China, which shall include such research and training activities as may be necessary or appropriate for such reconstruction: *Provided*, That assistance furnished under this section shall not be construed as an express or implied assumption by the United States of any responsibility for making any further contributions to carry out the purposes of this section.

[(b) Insofar as practicable, an amount equal to not more than 10 per centum of the funds made available under subsection (a) of section 404 shall be used to carry out the purposes of subsection (a) of this section. Such amount may be in United States dollars, proceeds in Chinese currency from the sale of commodities made available to China with funds authorized under subsection (a) of section 404, or both.]

MUTUAL DEFENSE ASSISTANCE ACT OF 1949, AS AMENDED

[AN ACT To promote the foreign policy and provide for the defense and general welfare of the United States by furnishing military assistance to foreign nations

[Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Mutual Defense Assistance Act of 1949".

[FINDINGS AND DECLARATION OF POLICY

[The Congress of the United States reaffirms the policy of the United States to achieve international peace and security through the United Nations so that armed force shall not be used except in the common interest. The Congress hereby finds that the efforts of the United States and other countries to promote peace and security in furtherance of the purposes of the Charter of the United Nations require additional measures of support based upon the principle of continuous and effective self-help and mutual aid. These measures include the furnishing of military assistance essential to enable the United States and other nations dedicated to the purposes and principles of the United Nations Charter to participate effectively in arrangements for individual and collective self-defense in support of those purposes and principles. In furnishing such military assistance, it remains the policy of the United States to continue to exert maximum efforts to obtain agreements to provide the United Nations with armed forces as contemplated in the Charter and agreements to achieve universal control of weapons of mass destruction and universal regulation and reduction of armaments, including armed forces, under adequate safeguards to protect complying nations against violation and evasion.

[The Congress hereby expresses itself as favoring the creation by the free countries and the free peoples of the Far East of a joint organization, consistent with the Charter of the United Nations, to establish a program of self-help and mutual cooperation designed to develop their economic and social well-being, to safeguard basic rights and liberties and to protect their security and independence.

[The Congress recognizes that economic recovery is essential to international peace and security and must be given clear priority. The Congress also recognizes that the increased confidence of free peoples in their ability to resist direct or indirect aggression and to maintain internal security will advance such recovery and support political stability.

[TITLE I—NORTH ATLANTIC TREATY COUNTRIES

[SEC. 101. In view of the coming into force of the North Atlantic Treaty and the establishment thereunder of the Council and the Defense Committee which will recommend measures for the common defense of the North Atlantic area, and in view of the fact that the task of the Council and the Defense Committee can be facilitated by immediate steps to increase the integrated defensive armed strength of the parties to the treaty, the President is hereby authorized to furnish military assistance in the form of equipment, materials, and services to such nations as are parties to the treaty and request such assistance. Any such assistance furnished under this title shall be subject to agreements, further referred to in section 402, designed to assure that the assistance will be used to promote an integrated defense of the North Atlantic area and to facilitate the development of defense plans by the Council and the Defense Committee under article 9 of the North Atlantic Treaty and to realize unified direction and effort; and after the agreement by the Government of the United States with defense plans as recommended by the Council and the Defense Committee, military assistance hereunder shall be furnished only in accordance therewith.

[SEC. 102. (a) There are hereby authorized to be appropriated to the President for the period through June 30, 1950, out of any moneys in the Treasury not otherwise appropriated, for carrying out the provisions and accomplishing the policies and purposes of this title, not to exceed \$500,000,000, of which not to exceed \$100,000,000 shall be immediately available upon appropriation, and not to exceed \$400,000,000 shall become available when the President of the United States approves recommendations for an integrated defense of the North Atlantic area which may be made by the Council and the Defense Committee to be established under the North Atlantic Treaty. The recommendations which the President may approve shall be limited, so far as expenditures by the United States are concerned, entirely to the amount herein authorized to be appropriated and the amount authorized hereinafter as contract authority.

[(b) In addition to the amounts heretofore authorized to be appropriated, there are hereby authorized to be appropriated to the President for the year ending June 30, 1951, out of any money in the Treasury not otherwise appropriated, for carrying out the provisions and accomplishing the policies and purposes of this title, not to exceed \$1,000,000,000.

[SEC. 103. In addition to the amount authorized to be appropriated under section 102, the President shall have authority, within the limits of specific contract authority which may be hereafter granted to him in an appropriation Act, to enter into contracts for carrying out the provisions and accomplishing the policies and purposes of this title in amounts not exceeding in the aggregate \$500,000,000 during the period ending June 30, 1950, and there are hereby authorized to be appropriated for expenditure after June 30, 1950, such sums as may be necessary to pay obligations incurred under such contract authorization. No contract authority which may be granted pursuant to the provisions of this section shall be exercised by the President until such time as he has approved recommendations for an integrated defense of the North Atlantic area which may be made by the Council and the Defense Committee to be established under the North Atlantic Treaty.

[SEC. 104. None of the funds made available for carrying out the provisions of this Act or the Act of May 22, 1947, as amended, shall be utilized (a) to construct or aid in the construction of any factory or other manufacturing establishment outside of the United States or to provide equipment (other than production equipment, including machine tools) for any such factory or other manufacturing establishment, (b) to defray the cost of maintaining any such factory or other manufacturing establishment, (c) directly or indirectly to compensate any nation or any governmental agency or person therein for any diminution in the export trade of such nation resulting from the carrying out of any program of increased military production or to make any payment, in the form of a bonus, subsidy, indemnity, guaranty, or otherwise, to an owner of any such factory or other manufacturing establishment as an inducement to such owner to undertake or increase production of arms, ammunition, implements of war, or other military supplies, or (d) for the compensation of any person for personal services rendered in or for any such factory or other manufacturing establishment, other than personal services of a technical nature rendered by officers and employees of the United States for the purpose of establishing or maintaining production by such factories or other manufacturing establishments to effectuate the purposes of this Act and in conformity with desired standards and specifications.

[TITLE II—GREECE, TURKEY, AND IRAN

[SEC. 201. (a) In addition to the amounts heretofore authorized to be appropriated, there are hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, not to exceed \$211,370,000 to carry out the provisions of the Act of May 22, 1947, as amended, for the period through June 30, 1950.

[(b) In addition to the amounts heretofore authorized to be appropriated, there are hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, not to exceed \$131,500,000 to carry out the provisions of the Act of May 22, 1947, as amended, and for the purpose of furnishing military assistance to Iran as provided in this Act, for the year ending June 30, 1951. Whenever the furnishing of such assistance will further the purposes and policies of this Act, the President is authorized to furnish military assistance as provided in this Act to Iran.

[TITLE III—OTHER ASSISTANCE

[SEC. 301. The President, whenever the furnishing of such assistance will further the purposes and policies of this Act, is authorized to furnish military assistance as provided in this Act to the Republic of Korea, and the Republic of the Philippines.

[SEC. 302. (a) There are hereby authorized to be appropriated to the President for the period through June 30, 1950, out of any moneys in the Treasury not otherwise appropriated, for carrying out the provisions and accomplishing the purposes of section 301, not to exceed \$27,640,000.

[(b) In addition to the amounts heretofore authorized to be appropriated, there are hereby authorized to be appropriated to the President for the year ending June 30, 1951, out of any moneys in the Treasury not otherwise appropriated, for carrying out the provisions and accomplishing the purposes of section 301, as amended, not to exceed \$16,000,000.

[SEC. 303. (a) In consideration of the concern of the United States in the present situation in China, there is hereby authorized to be appropriated to the President, out of any moneys in the Treasury not otherwise appropriated, the sum of \$75,000,000 in addition to funds otherwise provided as an emergency fund for the President, which may be expended to accomplish in that general area the policies and purposes declared in this Act. Certification by the President of the amounts expended out of funds authorized hereunder, and that it is inadvisable to specify the nature of such expenditures, shall be deemed a sufficient voucher for the amounts expended.

[(b) In addition to the amounts heretofore authorized to be appropriated, there are hereby authorized to be appropriated to the President, out of any moneys in the Treasury not otherwise appropriated, the sum of \$75,000,000, to be used as provided in subsection (a) of this section, of which not more than \$35,000,000 may be accounted for as therein provided and any amount accounted for in such manner shall, with the exception of \$7,500,000, be reported to the Committee on Foreign Relations of the Senate, the Committees on Armed Services of the Senate and of the House of Representatives, and the Committee on Foreign Affairs of the House of Representatives.

[TITLE IV—GENERAL PROVISIONS

[SEC. 401. Military assistance may be furnished under this Act, without payment to the United States except as provided in the agreements concluded pursuant to section 402, by the provision of any service, or by the procurement from any source and the transfer to eligible nations of equipment, materials, and services: *Provided*, That no equipment or materials may be transferred out of military stocks if the Secretary of Defense, after consultation with the Joint Chiefs of Staff, determines that such transfer would be detrimental to the national security of the United States, or is needed by the reserve components of the armed forces to meet their training requirements.

[SEC. 402. The President shall, prior to the furnishing of assistance to any eligible nation, conclude agreements with such nation, or group of such nations, which agreements, in addition to such other provisions as the President deems necessary to effectuate the policies and purposes of this Act and to safeguard the interests of the United States, shall make appropriate provision for—

[(a) the use of any assistance furnished under this Act in furtherance of the policies and purposes of this Act;

[(b) restriction against transfer of title to or possession of any equipment and materials, information or services furnished under this Act without the consent of the President;

[(c) the security of any article, service, or information furnished under this Act;

[(d) furnishing equipment and materials, services, or other assistance, consistent with the Charter of the United Nations, to the United States or to and among other eligible nations to further the policies and purposes of this Act.

[SEC. 403. (a) Any funds available for carrying out the policies and purposes of this Act, including any advances to the United States by any nation for the procurement of equipment and materials or services, may be allocated by the President for any of the purposes of this Act to any agency, and such funds shall be available for obligation and expenditure for the purpose of this Act in accordance with authority granted hereunder or under the authority governing the activities of the agency to which such funds are allocated.

[(b) Reimbursement shall be made by or to any agency from funds available for the purpose of this Act for any equipment and materials, services or other assistance furnished or authorized to be furnished under authority of this Act from, by, or through any agency. Such reimbursement shall include expenses arising from or incident to operations under this Act and shall be made by or to such agency in an amount equal to the value of such equipment and materials, services (other than salaries of members of the armed forces of the United States) or other assistance and such expenses. The amount of any such reimbursement shall be credited as reimbursable receipts to current applicable appropriations, funds, or accounts of such agency and shall be available for, and under the authority applicable to, the purposes for which such appropriations, funds, or accounts are authorized to be used, including the procurement of equipment and materials or services, required by such agency, in the same general category as those furnished by it or authorized to be procured by it and expenses arising from and incident to such procurement.

[(c) The term "value", as used in subsection (b) of this section, means—

[(1) with respect to any excess equipment or materials furnished under this Act, the gross cost of repairing, rehabilitating, or modifying such equipment or materials prior to being so furnished;

[(2) with respect to any nonexcess equipment or materials furnished under this Act which are taken from the mobilization reserve (other than equipment or materials referred to in paragraph (3) of this subsection), the actual or the projected (computed as accurately as practicable) cost of procuring for the mobilization reserve an equal quantity of such equipment or materials or an equivalent quantity of equipment and materials of the same general type but deemed to be more desirable for inclusion in the mobilization reserve than the equipment or materials furnished;

[(3) with respect to any nonexcess equipment or materials furnished under this Act which are taken from the mobilization reserve but with respect to which the Secretary of Defense has certified that it is not necessary fully to replace such equipment or materials in the mobilization reserve, the gross cost to the United States of such equipment and materials or its replacement cost, whichever the Secretary of Defense may specify; and

[(4) with respect to any equipment or materials furnished under this Act which are procured for the purpose of being so furnished, the gross cost to the United States of such equipment and materials.

In determining the gross cost incurred by any agency in repairing, rehabilitating, or modifying any excess equipment furnished under this Act, all parts, accessories, or other materials used in the course of such repair, rehabilitation, or modification shall be priced in accordance with the current standard pricing policies of such agency. For the purpose of this subsection, the gross cost of any equipment or materials taken from the mobilization reserve means either the actual gross cost to the United States of that particular equipment or materials or the estimated gross cost to the United States of that particular equipment or materials obtained by multiplying the number of units of such particular equipment or materials by the average gross cost of each unit of that equipment and materials owned by the furnishing agency.

[(d) Not to exceed \$450,000,000 worth of excess equipment and materials may be furnished under this Act or may hereafter be furnished under the Act of May 22, 1947, as amended: *Provided*, That after June 30, 1950, such limitation shall be increased by \$250,000,000 and after June 30, 1951, by an additional \$300,000,000, and after June 30, 1952, by an additional \$200,000,000, and after June 30, 1953, by an additional \$200,000,000. For the purposes of this subsection, the worth of any excess equipment or materials means either the actual gross cost to the United States of that particular equipment or materials or the estimated gross cost to the United States of that particular equipment or materials obtained by multiplying the number of units of such particular equipment or materials by the average gross cost of each unit of that equipment or materials owned by the furnishing agency.

[(e) Funds heretofore appropriated and the contract authority heretofore granted to the President under the head "Mutual Defense Assistance Act" in the Second Supplemental Appropriation Act, 1950, are hereby authorized to be made available until June 30, 1951.

[SEC. 404. The President may exercise any power or authority conferred on him by this Act through such agency or officer of the United States as he shall direct, except such powers or authority conferred on him in section 405, in clause (2) of subsection (b) of section 407, and in subsection (c) of section 408.

[SEC. 405. The President shall terminate all or part of any assistance authorized by this Act under any of the following circumstances:

[(a) If requested by any nation to which assistance is being rendered;

[(b) If the President determines that the furnishing of assistance to any nation is no longer consistent with the national interest or security of the United States or the policies and purposes of this Act; or

[(c) If the President determines that provision of assistance would contravene any decision of the Security Council of the United Nations, or if the President otherwise determines that provision of assistance to any nation would be inconsistent with the obligation of the United States under the Charter of the United Nations to refrain from giving assistance to any nation against which the United Nations is taking preventive or enforcement action or in respect of which the General Assembly finds the continuance of such assistance is undesirable.

[(d) If, in the case of any nation, which is a party to the North Atlantic Treaty, the President determines after consultation with the North Atlantic Treaty Coun-

oil that such nation is not making its full contribution through self-help and mutual assistance in all practicable forms to the common defense of the North Atlantic area; and in the case of any other nation, if the President determines that such nation is not making its full contribution to its own defense or to the defense of the area of which it is a part.

[(c) Assistance to any nation under this Act may, unless sooner terminated by the President, be terminated by concurrent resolution by the two Houses of the Congress: *Provided*, That funds made available under this Act shall remain available for twelve months from the date of such termination for the necessary expenses of liquidating contracts, obligations, and operations under this Act.

[SEC. 406. (a) Any agency may employ such additional civilian personnel without regard to section 14 (a) of the Federal Employees Pay Act of 1946 (60 Stat. 219) as amended, as the President deems necessary to carry out the policies and purposes of this Act.

[(b) Notwithstanding the provisions of Revised Statutes 1222 (U. S. C., title 10, sec. 576), personnel of the armed forces may be assigned or detailed to non-combatant duty, including duty with any agency or nation, for the purpose of enabling the President to furnish assistance under this Act.

[(c) Technical experts and engineering consultants, not to exceed fifteen persons at any one time, as authorized by section 15 of the Act of August 2, 1946 (U. S. C., title 5, sec. 55a), required for the purposes of this Act, may, if the President deems it advantageous for the purposes of this Act and if in his opinion the existing facilities of the agency concerned are inadequate, be employed by any agency performing functions under this Act, and individuals so employed may be compensated at rates not in excess of \$50 per diem.

[(d) Service of any individual employed as a technical expert or engineering consultant under subsection (c) of this section shall not be considered as service or employment bringing such individual within the provisions of sections 281, 283, and 284 of United States Code, title 18, of section 190 of the Revised Statutes (U. S. C., title 5, sec. 99), or of any other Federal law imposing restrictions, requirements, or penalties in relation to the employment of persons, the performance of services, or the payment or receipt of compensation in connection with any claim, proceeding, or matter involving the United States, except insofar as such provisions of law may prohibit any such individual from receiving compensation in respect of any particular matter in which such individual was directly involved in the performance of such service.

[(e) For the purpose of carrying out the provisions of this Act, there may be employed not to exceed three persons at a rate of compensation not to exceed \$15,000 and one person at a rate of compensation not to exceed \$16,000. Any person so employed shall be appointed by the President, by and with the advice and consent of the Senate.

[SEC. 407. (a) Nothing in this Act shall alter, amend, revoke, repeal, or otherwise affect the provisions of the Atomic Energy Act of 1946 (60 Stat. 755).

[(b) The President may perform any of the functions authorized under section 401 of this Act without regard to (1) the provisions of title 10, United States Code, section 1262 (a), and title 34, United States Code, section 546 (e); and (2) such provisions as he may specify of the joint resolution of November 4, 1939 (54 Stat. 4), as amended.

[SEC. 408. (a) Notwithstanding any other provision of law, the Reconstruction Finance Corporation is authorized and directed, until such time as appropriations shall be made under the authority of this Act and the Act of May 22, 1947, as amended, to make advances not to exceed in the aggregate \$125,000,000 to carry out the provisions of this Act and the Act of May 22, 1947, as amended, in such manner, at such time, and in such amounts as the President shall determine, and no interest shall be charged on advances made by the Treasury to the Reconstruction Finance Corporation for this purpose. The Reconstruction Finance Corporation shall be repaid without interest for advances made by it hereunder from funds made available for the purposes of this Act and the Act of May 22, 1947, as amended.

[(b) Funds made available for carrying out the provisions of title I shall be available for the expenses of administering the provisions of this Act and of the Act of May 22, 1947, as amended. Whenever possible the expenses of administration of this Act shall be paid for in the currency of the nation where the expense is incurred, as provided in subsection (d).

* * * * *

[(d) Upon approval by the President, any currency of any nation received by the United States for its own use in connection with the furnishing of assistance

under this Act may be used for expenditures for essential administrative and operating expenses of the United States incident to operation under this Act and the amount, if any remaining after the payment of such expenses shall be used only for purposes specified by Act of Congress.

[(e) (1) Notwithstanding the provisions of section 530 (a) of the Mutual Security Act of 1951, as amended, the President may, from time to time, in the interest of achieving standardization of military equipment and in order to provide procurement assistance without cost to the United States, transfer, or enter into contracts for the procurement for transfer of, equipment, materials, or services to: (A) nations eligible for assistance under title I, II, III, or IV of the Mutual Security Act of 1951; (B) a nation which has joined with the United States in a collective defense and regional arrangement; (C) any international military organization or headquarters if, in the opinion of the President, such assistance will further the purposes of this Act; or (D) any other nation not eligible to join a collective defense and regional arrangement referred to in clause (B) above, but whose ability to defend itself or to participate in the defense of the area of which it is a part, is important to the security of the United States: *Provided*, That, prior to the transfer of any equipment, materials, or services to a nation under this clause (D), it shall provide the United States with assurance that such equipment, materials, or services are required for and will be used solely to maintain its internal security, its legitimate self-defense, or to permit it to participate in the defense of the area of which it is a part, or in the United Nations collective security arrangements and measures, and that it will not undertake any act of aggression against any other state: *Provided further*, That in the case of any such transfer, the President shall forthwith notify the Committee on Foreign Relations of the Senate, the Committees on Armed Services of the Senate and of the House of Representatives, and the Committee on Foreign Affairs of the House of Representatives.

[(2) Whenever equipment or material is transferred from the stocks of, or services are rendered by any agency, to any nation or international organization as provided in paragraph (1) above, such nation or international organization shall first make available the fair value, as determined by the President, of such equipment, materials, or services before delivery or, when the President determines it to be in the best interests of the United States, within sixty days thereafter. The fair value for the purpose of this paragraph shall not be less for the various categories of equipment or materials than the value as defined in subsection (c) of section 403: *Provided*, That with respect to excess equipment or materials the fair value may not be determined to be less than the value specified in paragraph (1) of that subsection plus (a) 10 per centum of the original gross cost of such equipment or materials; (b) the scrap value; or (c) the market value, if ascertainable, whichever is the greater. Before a contract is entered into, or rehabilitation work is undertaken, such nation, or international military organization or headquarters, shall (A) provide the United States with a dependable undertaking to pay the full amount of such contract or the cost of such rehabilitation which will assure the United States against any loss on the contract, or rehabilitation work, and (B) shall make funds available in such amounts and at such times as may be necessary to meet the payments required by the contract or the rehabilitation work in advance of the time such payments are due, in addition to the estimated amount of any damages and costs that may accrue from the cancellation of such contract or rehabilitation work: *Provided*, That the total amount of outstanding contracts under this subsection, less the amounts which have been paid the United States by such nations, shall at no time exceed \$700,000,000.

[(3) The provisions of section 409 of this Act shall not apply to equipment, materials, and commodities made available under this subsection.

[(f) Any equipment or materials procured to carry out the purposes of title I of this Act shall be retained by, or transferred to, and for the use of, such department or agency of the United States as the President may determine in lieu of being disposed of to a nation which is a party to the North Atlantic Treaty whenever in the judgment of the President of the United States such disposal to a foreign nation will not promote the self-help, mutual aid, and collective capacity to resist armed attack contemplated by the treaty or whenever such retention is called for by concurrent resolution by the two Houses of the Congress.

[SEC. 409. That at least 50 per centum of the gross tonnage of any equipment, materials or commodities made available under the provisions of this Act, and transported on ocean vessels (computed separately for dry bulk carriers and dry cargo liners) shall be transported on United States flag commercial vessels at

market rates for United States flag commercial vessels in such manner as will insure a fair and reasonable participation of United States flag commercial vessels in cargoes, by geographic areas.

[SEC. 410. The President, from time to time, but not less frequently than once every six months, while operations continue under this Act, shall transmit to the Congress reports of expenditures and activities authorized under this Act, except information the disclosure of which he deems incompatible with the security of the United States. Reports provided for under this section shall be transmitted to the Secretary of the Senate or the Clerk of the House of Representatives, as the case may be, if the Senate or the House of Representatives, as the case may be, is not in session.

[SEC. 411. For the purposes of this Act—

[(a) The terms “equipment” and “materials” shall mean any arms, ammunition, or implements of war, or any other type of material, article, raw material, facility, tool, machine, supply, or item that would further the purposes of this Act, or any component or part thereof, used or required for use in connection therewith, or required in or for the manufacture, production, processing, storage, transportation, repair, or rehabilitation of any equipment or materials, but shall not include merchant vessels.

[(b) The term “mobilization reserve”, as used with respect to any equipment or materials, means the quantity of such equipment or materials determined by the Secretary of Defense under regulations prescribed by the President to be required to support mobilization of the armed forces of the United States in the event of war or national emergency until such time as adequate additional quantities of such equipment or materials can be procured.

[(c) The term “excess”, as used with respect to any equipment or materials, means the quantity of such equipment or materials owned by the United States which is in excess of the mobilization reserve of such equipment or materials.

[(d) The term “services” shall include any service, repair, training of personnel, or technical or other assistance or information necessary to effectuate the purposes of this Act, including loans of limited quantities of equipment for designated periods solely for test and study purposes.

[(e) The term “agency” shall mean any department, agency, establishment, or wholly owned corporation of the Government of the United States.

[(f) The term “armed forces of the United States” shall include any component of the Army of the United States, of the United States Navy, of the United States Marine Corps, of the Air Force of the United States, of the United States Coast Guard, and the reserve components thereof.

[(g) The term “nation” shall mean a foreign government eligible to receive assistance under this Act.

[SEC. 412. Whoever offers or gives to anyone who is now or in the past two years has been an employee or officer of the United States any commission, payment, or gift, in connection with the procurement of equipment, materials, or services under this Act, and whoever, being or having been an employee or officer of the United States in the past two years, solicits, accepts, or offers to accept any such commission, payment, or gift, shall upon conviction thereof be subject to a fine of not to exceed \$10,000 or imprisonment for not to exceed three years, or both.

[SEC. 413. If any provision of this Act or the application of any provision to any circumstances or persons shall be held invalid, the validity of the remainder of the Act and applicability of such provision to other circumstances or persons shall not be affected thereby.]

FOREIGN ECONOMIC ASSISTANCE ACT OF 1950, AS AMENDED

[AN ACT To provide foreign economic assistance.

[Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the “Foreign Economic Assistance Act of 1950”.

[TITLE I

[SEC. 101. This title may be cited as the "Economic Cooperation Act of 1950".

[FINDINGS AND DECLARATION OF POLICY

[SEC. 102. (a) Section 102 (a) of the Economic Cooperation Act of 1948, is amended by striking out in the fourth sentence thereof "trade barriers" and inserting in lieu thereof "barriers to trade or to the free movement of persons"; and by inserting in the fifth sentence thereof the word "further" before the word "unification".

[(b) Section 102 (b) (1) of such Act is amended by inserting a comma and the phrase "increased productivity, maximum employment, and freedom from restrictive business practices" after the word "production".

[GUARANTIES AND LIBERALIZATION OF TRADE BETWEEN EUROPEAN COUNTRIES

[SEC. 103. (a) Section 111 (b) (3) (ii) of such Act is amended to read as follows:

[(ii) the Administrator shall charge a fee in an amount determined by him not exceeding 1 per centum per annum of the amount of each guaranty under clause (1) of subparagraph (v), and not exceeding 4 per centum per annum of the amount of each guaranty under clause (2) of such subparagraph, and all fees collected hereunder shall be available for expenditure in discharge of liabilities under guaranties made under this paragraph until such time as all such liabilities have been discharged or have expired, or until all such fees have been expended in accordance with the provisions of this paragraph; and".

[(b) Section 111 (b) (3) (iv) of such Act is amended to read as follows:

[(iv) as used in this paragraph, the term 'investment' includes (A) any contribution of capital goods, materials, equipment services, patents, processes, or techniques by any person in the form of a loan or loans to any enterprise to be conducted within a participating country, (B) the purchase of a share of ownership in any such enterprise, (C) participation in royalties, earnings, or profits of any such enterprise, and (D) the furnishing of capital goods items and related services pursuant to a contract providing for payment in whole or in part after the end of the fiscal year in which the guaranty of such investment is made; and".

[(c) Section 111 (b) (3) (v) of such Act is amended to read as follows:

[(v) the guaranty to any person shall be limited to assuring one or both of the following: (1) The transfer into United States dollars of other currencies, or credits in such currencies received by such person, as earnings or profits from the approved project, as repayment or return of the investment therein, in whole or in part, or as compensation for the sale or disposition of all or any part thereof; and (2) the compensation in United States dollars for loss of all or any part of the investment in the approved project which shall be found by the Administrator to have been lost to such person by reason of expropriation or confiscation by action of the government of a participating country. When any payment is made to any person pursuant to a guaranty as hereinbefore described, the currency, credits, asset, or investment on account of which such payment is made shall become the property of the United States Government, and the United States Government shall be subrogated to any right, title, claim, or cause of action existing in connection therewith."

[(d) Section 111 (b) (3) of such Act is further amended by striking out the words between the second and last provisos therein and inserting in lieu thereof the following: "It being the intent of the Congress that the guaranty herein authorized should be used to the maximum practicable extent and so administered as to increase the participation of private enterprise in achieving the purposes of this Act, the Administrator is authorized to issue guaranties up to a total of \$200,000,000".

[(e) Section 111 (c) (2) of such Act is amended by striking out "\$150,000,000" and inserting in lieu thereof "\$200,000,000".

[(f) Section 111 of such Act is further amended by adding at the end thereof the following new subsection:

[(d) The Administrator is authorized to transfer funds directly to any central institution or other organization formed to further the purposes of this Act by two or more participating countries, or to any participating country or countries in connection with the operations of such institution or organization, to be used on terms and conditions specified by the Administrator, in order to facilitate the

development of transferability of European currencies, or to promote the liberalization of trade by participating countries with one another and with other countries."

[PROTECTION OF DOMESTIC ECONOMY]

[SEC. 104. (a) Section 112 (a) of such Act is amended by striking out the period at the end thereof and inserting a comma and the following: "and (3) minimize the burden on the American taxpayer by reducing the amount of dollar purchases by the participating countries to the greatest extent possible, consistent with maintaining an adequate supply of the essentials for the functioning of their economies and for their continued recovery."

[(b) Subsections (b) and (c) of section 112 of such Act are hereby repealed.

[(c) Section 112 (l) of such Act is amended to read as follows:

["(l) No funds authorized for the purposes of this title shall be used for the purchase in bulk of any commodities at prices higher than the market price prevailing in the United States at the time of the purchase adjusted for differences in the cost of transportation to destination, quality, and terms of payment. A bulk purchase within the meaning of this subsection does not include the purchase of raw cotton in bales."

[(d) Section 112 of such Act is further amended by adding at the end thereof the following new subsections:

["(m) Notwithstanding any other provision of law, the pricing provisions of section 112 (e) of this title and section 4 of the Act of July 16, 1943 (57 Stat. 566) shall not be applicable to domestic wheat and wheat flour procured under this title or any other Act providing for assistance or relief to foreign countries, supplied to countries which are parties to the International Wheat Agreement of 1949 and credited to their guaranteed purchases thereunder.

["(n) It is the sense of Congress that no participating country shall maintain or impose any import, currency, tax, license, quota, or other similar business restrictions which discriminate against citizens of the United States or any corporation, partnership, or other association substantially, beneficially owned by citizens of the United States, engaged or desiring to engage, in furtherance of the purposes of this title, in the importation into such country of any commodity, which restrictions are not reasonably required to meet balance of payments conditions, or requirements of national security, or are not authorized under international agreements to which such country and the United States are parties. In any case where the Department of State determines that any such discriminatory restriction is maintained or imposed by a participating country or by any dependent area of such country, the Administrator shall take such remedial action as he determines will effectively promote the purposes of this subsection (n)."

[AUTHORIZATION OF APPROPRIATIONS]

[SEC. 105. (a) Section 114 (c) of such Act is amended by striking out the period at the end of the first sentence and inserting in lieu thereof a colon and the following: "*Provided further*, That in addition to the amount heretofore authorized and appropriated, there is hereby authorized to be appropriated for carrying out the provisions and accomplishing the purposes of this title not to exceed \$2,700,000,000 for the fiscal year ending June 30, 1951: *Provided further*, That \$600,000,000 of the funds appropriated hereunder shall be available during the fiscal year 1951 solely for the purpose of encouraging and facilitating the operation of a program of liberalized trade and payments, for supporting any central institution or other organization described in subsection (d) of section 111, and for furnishing of assistance to those participating countries taking part in such program: *Provided further*, That not more than \$600,000,000 of such funds shall be available during the fiscal year 1951 for transfer of funds pursuant to subsection (d) of section 111: *Provided further*, That, in addition to the foregoing, any balance, unobligated as of June 30, 1950, or subsequently released from obligation, of funds appropriated for carrying out and accomplishing the purposes of this title for any period ending on or prior to that date is hereby authorized to be made available for obligation through the fiscal year ending June 30, 1951, and to be transferred to and consolidated with any appropriations for carrying out and accomplishing the purposes of this title for said fiscal year."

[(b) The last sentence of section 114 (c) of such Act is amended to read as follows: "The authorizations in this title are limited to the period ending June 30, 1951."

[(c) Section 114 of such Act is further amended by adding at the end thereof the following new subsections:

["(h) The President is authorized to transfer to any department or agency any portion of the funds allocated for assistance to Germany from appropriations authorized by subsection (c). This portion may be used for expenses, not otherwise provided for, necessary to meet responsibilities of the United States related to the rehabilitation of occupied areas of Germany, including the furnishing of minimum civilian supplies to prevent starvation, disease, and unrest prejudicial to the objectives of the occupation. This portion may be expended under authority of this subsection or any provisions of law, not inconsistent herewith, applicable to such department or agency and without regard to such provisions of this title as the President may specify as inapplicable.

["(i) As agreed upon by the Secretary of State and the Administrator, a part of the German currency now or hereafter deposited under the bilateral agreement of December 15, 1949, between the United States and the Federal Republic of Germany, or any supplementary or succeeding agreement, shall be deposited into the GARIOA (Government and Relief in Occupied Areas) special account under the terms of article V of the said bilateral agreement. In quantities and under conditions determined by the Secretary of State after consultation with the Administrator, the currency so deposited shall be available for meeting the responsibilities of the United States in the occupation of Germany."

[COUNTERPART FUNDS

[SEC. 106. (a) Section 115 (b) (6) is amended to read as follows:

["(6) placing in a special account a deposit in the currency of such country, in commensurate amounts and under such terms and conditions as may be agreed to between such country and the Government of the United States, when any commodity or service is made available through any means authorized under this title, and is furnished to the participating country on a grant basis: *Provided*, That the obligation to make such deposits may be waived, in the discretion of the Administrator, with respect to technical information or assistance furnished under section 111 (a) (3) of this title and with respect to ocean transportation furnished on United States flag vessels under section 111 of this title in an amount not exceeding the amount, as determined by the Administrator, by which the charges for such transportation exceed the cost of such transportation at world market rates: *Provided further*, That such special account, together with the unencumbered portions of any deposits which may have been made by such country pursuant to section 6 of the joint resolution providing for relief assistance to the people of countries devastated by war (Public Law 84, Eightieth Congress) and section 5 (b) of the Foreign Aid Act of 1947 (Public Law 389, Eightieth Congress), shall be used in furtherance of any central institution or other organization formed by two or more participating countries to further the purposes set forth in subsection (d) of section 111 or otherwise shall be held or used for purposes of internal monetary and financial stabilization, for the stimulation of productive activity and the exploration for and development of new sources of wealth, or for such other expenditures as may be consistent with the declaration of policy contained in section 102 and the purposes of this title, including local currency administrative expenditures of the United States within such country incident to operations under this title: *Provided further*, That the use of such special account shall be subject to agreement between such country and the Administrator, who shall act in this connection after consultation with the National Advisory Council on International Monetary and Financial Problems and the Public Advisory Board provided for in section 107 (a): *And provided further*, That any unencumbered balance remaining in such account on June 30, 1952, shall be disposed of within such country for such purposes as may, subject to approval by Act or joint resolution by the Congress, be agreed to between such country and the Government of the United States,".

[(b) Section 115 (e) of such Act is amended by adding at the end thereof the following new sentence: "The Administrator shall also encourage emigration from participating countries having permanent surplus manpower to areas, particularly underdeveloped and dependent areas, where such manpower can be effectively utilized."

[(c) Section 115 of such Act is further amended by adding at the end thereof the following new subsection:

["(j) The Administrator shall utilize such amounts of the local currency allocated pursuant to subsection (h) as may be necessary, to give full and continuous publicity through the press, radio, and all other available media, so as to inform the peoples of the participating countries regarding the assistance, including its purpose, source, and character, furnished by the American taxpayer."

[FAR EASTERN ECONOMIC ASSISTANCE ACT OF 1950]

[SEC. 107. (a) Section 3 (c) of the Far Eastern Economic Assistance Act of 1950 is amended by striking out "June 30, 1951" and inserting in lieu thereof "June 30, 1952".

[(b) Section 3 (d) of such Act is amended by striking out the period at the end and inserting in lieu thereof a comma and the following: " and \$100,000,000 for the fiscal year ending June 30, 1951."

[(c) Section 4 of such Act is amended by striking out "June 30, 1950" and inserting in lieu thereof "June 30, 1951".

[TITLE II—AID TO CHINA]

[SEC. 201. This title may be cited as the "China Area Aid Act of 1950".

[NATURE OF ASSISTANCE]

[SEC. 202. Funds, now unobligated or hereafter released from obligation, appropriated by section 12 of the Act entitled "An Act to amend the Economic Cooperation Act of 1948", approved April 19, 1949 (Public Law 47, Eighty-first Congress), are hereby made available for furtherance of the general objectives of the China Aid Act of 1948 through June 30, 1951, and for carrying out the purposes of that Act through economic assistance in any place in China and in the general area of China which the President deems to be not under Communist control, in such manner and on such terms and conditions as the President may determine, and references in the said Act to China shall, insofar as applicable, apply also to any other such place: *Provided*, That so long as the President deems it practicable, not less than \$40,000,000 of such funds shall be available only for such assistance in areas in China (including Formosa): *Provided further*, That not more than \$8,000,000 of such funds (excluding the \$40,000,000 mentioned in the foregoing proviso) shall be available for relief on humanitarian grounds through the American Red Cross, or other voluntary relief agencies in any place in China suffering from the effects of natural calamity, under such safeguards as the President shall direct to assure non-discriminatory distribution according to need and appropriate publicity as to source and scope of the assistance being furnished by the United States: *Provided further*, That not more than \$6,000,000 of such funds (excluding the amounts mentioned in the foregoing provisos), shall be available for allocation to the Secretary of State, to remain available until expended, under such regulations as the Secretary of State may prescribe, using private agencies to the maximum extent practicable, for necessary expenses of tuition, subsistence, transportation, and emergency medical care for selected citizens of China and of Korea for studying or teaching in accredited colleges, universities, or other educational institutions in the United States approved by the Secretary of State for the purposes, or for research and related academic and technical activities in the United States, and the Attorney General is hereby authorized and directed to promulgate regulations providing that such selected citizens of China who have been admitted for the purpose of study in the United States, shall be granted permission to accept employment upon application filed with the Commissioner of Immigration and Naturalization.

[TITLE III]

[AID TO PALESTINE REFUGEES]

[SEC. 301. This title may be cited as the "United Nations Palestine Refugee Aid Act of 1950".

[SEC. 302. The Secretary of State is hereby authorized to make contributions from time to time before July 1, 1951, to the United Nations for the "United Nations Relief and Works Agency for Palestine Refugees in the Near East", established under the resolution of the General Assembly of the United Nations of December 8, 1949, in amounts not exceeding in the aggregate \$27,450,000 for the purposes set forth in this title.

[AUTHORIZATION OF APPROPRIATIONS]

[SEC. 303. (a) There are hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, not to exceed \$27,450,000 to carry out the purposes of this title.

[(b) Notwithstanding the provisions of any other law, the Reconstruction Finance Corporation is authorized and directed, until such time as an appropriation shall be made pursuant to subsection (a) of this section, to make advances to the Secretary of State, not to exceed in the aggregate \$8,000,000, to carry out the provisions of this title. From appropriations authorized under subsection (a) of this section, there shall be repaid to the Reconstruction Finance Corporation, without interest, the advances made by it under authority contained herein. No interest shall be charged on advances made by the Treasury to the Reconstruction Finance Corporation in implementation of this section.

[NATURE OF ASSISTANCE

[SEC. 304. (a) The provisions of sections 301, 302, and 303 of the Act of January 27, 1948 (62 Stat. 6), are hereby made applicable with respect to the United Nations Relief and Works Agency for Palestine Refugees in the Near East to the same extent as they apply with respect to the government of another country: *Provided*, That when reimbursement is made by said Agency, such reimbursement shall be credited to the appropriation, fund, or account utilized for paying the compensation, travel expenses, and allowances of any person assigned hereunder.

[(b) Departments and agencies of the United States Government are authorized, with the approval of the Secretary of State, to furnish or procure and furnish supplies, materials, and services to the United Nations Relief and Works Agency for Palestine Refugees in the Near East: *Provided*, That said Agency shall make payments in advance for all costs incident to the furnishing or procurement of such supplies, materials, or services, which payments may be credited to the current applicable appropriation or fund of the department or agency concerned and shall be available for the purposes for which such appropriations and funds are authorized to be used.

[TITLE IV

[SEC. 401. This title may be cited as the "Act for International Development."

[SEC. 402. The Congress hereby finds as follows: (a) The peoples of the United States and other nations have a common interest in the freedom and in the economic and social progress of all peoples. Such progress can further the secure growth of democratic ways of life, the expansion of mutually beneficial commerce, the development of international understanding and good will, and the maintenance of world peace.

[(b) The efforts of the peoples living in economically underdeveloped areas of the world to realize their full capabilities and to develop the resources of the lands in which they live can be furthered through the cooperative endeavor of all nations to exchange technical knowledge and skills and to encourage the flow of investment capital.

[(c) Technical assistance and capital investment can make maximum contribution to economic development only where there is understanding of the mutual advantages of such assistance and investment and where there is confidence of fair and reasonable treatment and due respect for the legitimate interests of the peoples of the countries to which the assistance is given and in which the investment is made and of the countries from which the assistance and investments are derived. In the case of investment this involves confidence on the part of the people of the underdeveloped areas that investors will conserve as well as develop local resources, will bear a fair share of local taxes and observe local laws, and will provide adequate wages and working conditions for local labor. It involves confidence on the part of investors, through intergovernmental agreements or otherwise, that they will not be deprived of their property without prompt, adequate, and effective compensation; that they will be given reasonable opportunity to remit their earnings and withdraw their capital; that they will have reasonable freedom to manage, operate, and control their enterprises; that they will enjoy security in the protection of their persons and property, including industrial and intellectual property, and nondiscriminatory treatment in taxation and in the conduct of their business affairs.

[SEC. 403. (a) It is declared to be the policy of the United States to aid the efforts of the peoples of economically underdeveloped areas to develop their resources and improve their working and living conditions by encouraging the exchange of technical knowledge and skills and the flow of investment capital to countries which provide conditions under which such technical assistance and capital can effectively and constructively contribute to raising standards of living, creating new sources of wealth, increasing productivity and expanding purchasing power.

[(b) It is further declared to be the policy of the United States that in order to achieve the most effective utilization of the resources of the United States, private and public, which are or may be available for aid in the development of economically underdeveloped areas, agencies of the United States Government, in reviewing requests of foreign governments for aid for such purposes, shall take into consideration (1) whether the assistance applied for is an appropriate part of a program reasonably designed to contribute to the balanced and integrated development of the country or area concerned; (2) whether any works or facilities which may be projected are actually needed in view of similar facilities existing in the area and are otherwise economically sound; and (3) with respect to projects for which capital is requested, whether private capital is available either in the country or elsewhere upon reasonable terms and in sufficient amounts to finance such projects.

[SEC. 404. (a) In order to accomplish the purposes of this title, the United States is authorized to participate in multilateral technical cooperation programs carried on by the United Nations, the Organization of American States, and their related organizations, and by other international organizations, wherever practicable.

[(b) Within the limits of appropriations made available to carry out the purposes of this title, the President is authorized to make contributions to the United Nations for technical cooperation programs carried on by it and its related organizations which will contribute to accomplishing the purposes of this title as effectively as would participation in comparable programs on a bilateral basis. The President is further authorized to make contributions for technical cooperation programs carried on by the Organization of American States, its related organizations, and by other international organizations: *Provided*, That for the fiscal year ending June 30, 1952, such contributions from funds made available under authority of sections 101 (a) (2), 203, 302, and 402 of the Mutual Security Act of 1951 shall not exceed in the aggregate \$13,000,000, and the use of such contributions shall not be limited to the area covered by the section of the Act from which the funds are drawn: *Provided further*, That for the calendar year 1953 not to exceed \$15,708,750 is authorized to be appropriated to the President for use in making contributions under this subsection.

[(c) Agencies of the United States Government on request of international organizations are authorized, upon approval by the President, to furnish services and such facilities as may be necessary in connection therewith, on an advance of funds or reimbursement basis, for such organizations in connection with their technical cooperation programs. Amounts received as reimbursements from such organizations shall be credited, at the option of the appropriate agency, either to the appropriation, fund, or account utilized in incurring the obligation, or to an appropriate appropriation, fund, or account currently available for the purposes for which expenditures were made.

[SEC. 405. The President is authorized to plan, undertake, administer, and execute bilateral technical cooperation programs carried on by any United States Government agency and, in so doing—

[(a) To coordinate and direct existing and new technical cooperation programs.

[(b) To assist other interested governments in the formulation of programs for the balanced and integrated development of the economic resources and productive capacities of economically underdeveloped areas.

[(c) To receive, consider, and review reports of joint commissions set up as provided in section 410 of this title.

[(d) To make, within appropriations made available for the purpose, advances and grants in aid of technical cooperation programs to any person, corporation, or other body of persons, or to any foreign government or foreign government agency.

[(e) To make and perform contracts or agreements in respect of technical cooperation programs on behalf of the United States Government with any person, corporation, or other body of persons however designated, whether within or without the United States, or with any foreign government or foreign government agency: *Provided*, That with respect to contracts or agreements which entail commitments for the expenditure of funds appropriated pursuant to the authority of this title, such contracts or agreements, within the limits of appropriations or contract authorizations hereafter made available may, subject to any future action of the Congress, run for not to exceed three years in any one case.

[(f) To provide for printing and binding outside the continental limits of the United States, without regard to section 11 of the Act of March 1, 1919 (44 U. S. C. 111).

[(g) To provide for the publication of information made available by the joint commissions referred to in section 410, and from other sources, regarding resources, opportunities for private investment capital, and the need for technical knowledge and skill in each participating country.

[SEC. 406. Agreements made by the United States under the authority of this title with other governments and with international organizations shall be registered with the Secretariat of the United Nations in accordance with the provisions of article 102 of the United Nations Charter.

[SEC. 407. In carrying out the programs authorized in section 405 of this title—

[(a) The participation of private agencies and persons shall be sought to the greatest extent practicable.

[(b) Due regard shall be given, in reviewing requests for assistance, to the possibilities of achieving satisfactory results from such assistance as evidenced by the desire of the country requesting it (1) to take steps necessary to make effective use of the assistance made available, including the encouragement of the flow of productive local and foreign investment capital where needed for development; and (2) to endeavor to facilitate the development of the colonies, possessions, dependencies, and non-selfgoverning territories administered by such requesting country so that such areas may make adequate contribution to the effectiveness of the assistance requested.

[(c) Assistance shall be made available only where the President determines that the country being assisted—

[(1) Pays a fair share of the cost of the program.

[(2) Provides all necessary information concerning such program and gives the program full publicity.

[(3) Seeks to the maximum extent possible full coordination and integration of technical cooperation programs being carried on in that country.

[(4) Endeavors to make effective use of the results of the program.

[(5) Cooperates with other countries participating in the program in the mutual exchange of technical knowledge and skills.

[(d) Participating countries shall be encouraged to establish fair labor standards of wages and working conditions and management-labor relations.

[SEC. 408. The President is authorized to prescribe such rules and regulations as may be necessary and proper to carry out the provisions of this title.

[SEC. 409. The President shall create an advisory board, hereinafter referred to as the "board", which shall advise and consult with the President or such other officer as he may designate to administer the program herein authorized, with respect to general or basic policy matters arising in connection with operation of the program. The board shall consist of not more than thirteen members to be appointed by the President, one of whom, by and with the advice and consent of the Senate, shall be appointed by him as chairman. The members of the board shall be broadly representative of voluntary agencies and other groups interested in the program, including business, labor, agriculture, public health, and education. All members of the board shall be citizens of the United States; none except the chairman shall be an officer or an employee of the United States (including any agency or instrumentality of the United States) who as such regularly receives compensation for current services. Members of the board, other than the chairman if he is an officer of the United States Government, shall receive out of funds made available for the purposes of this title a per diem allowance of \$50 for each day spent away from their homes or regular places of business for the purpose of attendance at meetings of the board or at conferences held upon the call of the chairman, and in necessary travel, and while so engaged they may be paid actual travel expenses and not to exceed \$10 per diem in lieu of subsistence and other expenses. The President may appoint such committees in special fields of activity as he may determine to be necessary or desirable to effectuate the purposes of this title. The members of such committees shall receive the same compensation as that provided for members of the board.

[SEC. 410. (a) At the request of a foreign country, there may be established a joint commission for economic development to be composed of persons named by the President and persons to be named by the requesting country, and may include representatives of international organizations mutually agreed upon.

[(b) The duties of each such joint commission shall be mutually agreed upon, and may include, among other things, examination of the following:

[(1) The requesting country's requirements with respect to technical assistance.

[(2) The requesting country's resources and potentialities, including mutually advantageous opportunities for utilization of foreign technical knowledge and skills and investment.

[(3) Policies which will remove deterrents to and otherwise encourage the introduction, local development, and application of technical skills and the creation and effective utilization of capital, both domestic and foreign; and the implementation of such policies by appropriate measures on the part of the requesting country and the United States, and of other countries, when appropriate, and after consultation with them.

[(c) Such joint commissions shall prepare studies and reports which they shall transmit to the appropriate authorities of the United States and of the requesting countries. In such reports the joint commissions may include recommendations as to any specific projects which they conclude would contribute to the economic development of the requesting countries.

[(d) The costs of each joint commission shall be borne by the United States and the requesting country in the proportion that may be agreed upon between the President and that country.

[SEC. 411. All or part of United States support for and participation in any technical cooperation program carried on under this title shall be terminated by the President—

[(a) If he determines that such support and participation no longer contribute effectively to the purposes of this title, are contrary to a resolution adopted by the General Assembly of the United Nations that the continuance of such technical cooperation programs is unnecessary or undesirable, or are not consistent with the foreign policy of the United States.

[(b) If a concurrent resolution of both Houses of the Congress finds such termination is desirable.

[SEC. 412. The President may exercise any power or authority conferred on him by this title through the Secretary of State or through any other officer or employee of the United States Government.

[SEC. 413. In order to carry out the purposes of this title—

[(a) The President shall appoint, by and with the advice and consent of the Senate, an Administrator for Technical Cooperation, who, under the direction of the President or such other officer as he may designate pursuant to section 412 hereof to exercise the powers conferred upon him by this title, shall be responsible for planning, implementing, and managing the programs authorized in this title. He shall be compensated at a rate fixed by the President without regard to the Classification Act of 1949 but not in excess of \$16,000 per annum. The President may also appoint, by and with the advice and consent of the Senate, a Deputy Administrator for Technical Cooperation who shall perform such functions as the Administrator shall designate, and shall be Acting Administrator for Technical Cooperation during the absence or disability of the Administrator or in the event of a vacancy in the office of the Administrator. The Deputy Administrator shall receive compensation at a rate fixed by the President without regard to the Classification Act of 1949 but not in excess of \$15,000 per annum.

[(b) Officers, employees, agents, and attorneys may be employed for duty within the continental limits of the United States in accordance with the provisions of the civil-service laws and the Classification Act of 1949.

[(c) Persons employed for duty outside the continental limits of the United States and officers and employees of the United States Government assigned for such duty, may receive compensation at any of the rates provided for the Foreign Service Reserve and Staff by the Foreign Service Act of 1946 (60 Stat. 999), as amended, may receive allowances and benefits not in excess of those established thereunder, and may be appointed to any class in the Foreign Service Reserve or Staff in accordance with the provisions of such Act.

[(d) Alien clerks and employees employed for the purpose of performing functions under this title shall be employed in accordance with the provisions of the Foreign Service Act of 1946, as amended.

[(e) Officers and employees of the United States Government may be detailed to offices or positions to which no compensation is attached with any foreign government or foreign government agency or with any international organization: *Provided*, That while so detailed any such person shall be considered, for the purpose of preserving his privileges, rights, seniority, or other benefits, an officer or employee of the United States Government and of the United States Government agency from which detailed and shall receive

therefrom his regular compensation, which shall be reimbursed to such agency from funds available under this title: *Provided further*, That such acceptance of office shall in no case involve the taking of an oath of allegiance to another government.

[(f) Experts and consultants or organizations thereof may be employed as authorized by section 15 of the Act of August 2, 1946 (5 U. S. C. 55a), and individuals so employed may be compensated at a rate not in excess of \$75 per diem.

[(g) Such additional civilian personnel may be employed without regard to subsection (a) of section 14 of the Federal Employees Pay Act of 1946 (60 Stat. 219), as amended, as may be necessary to carry out the policies and purposes of this title.

* * * * *

[SEC. 415. The President shall transmit to the Congress an annual report of operations under this title.

[SEC. 416. (a) In order to carry out the provisions of this title, there shall be made available such funds as are hereafter authorized and appropriated from time to time for the purposes of this title: *Provided, however*, That for the purpose of carrying out the provisions of this title through June 30, 1951, there is hereby authorized to be appropriated a sum not to exceed \$35,000,000, including any sums appropriated to carry on the activities of the Institute of Inter-American Affairs, and technical cooperation programs as defined in section 418 herein under the United States Information and Educational Exchange Act of 1948 (62 Stat. 6). Activities provided for under this title may be prosecuted under such appropriations or under authority granted in appropriation Acts to enter into contracts pending enactment of such appropriations. Unobligated balances of such appropriations for any fiscal year may, when so specified in the appropriation Act concerned, be carried over to any succeeding fiscal year or years. The President may allocate to any United States Government agency any part of any appropriation available for carrying out the purposes of this title. Such funds shall be available for obligation and expenditure for the purposes of this title in accordance with authority granted hereunder or under authority governing the activities of the Government agencies to which such funds are allocated.

[(b) Nothing in this title is intended nor shall it be construed as an expressed or implied commitment to provide any specific assistance, whether of funds, commodities, or services, to any country or countries, or to any international organization.

[SEC. 417. If any provision of this title or the application of any provision to any circumstances or persons shall be held invalid, the validity of the remainder of the title and the applicability of such provision to other circumstances or persons shall not be affected thereby.

[SEC. 418. As used in this title—

[(a) The term "technical cooperation programs" means programs for the international interchange of technical knowledge and skills designed to contribute to the balanced and integrated development of the economic resources and productive capacities of economically underdeveloped areas. Such activities may include, but need not be limited to, economic, engineering, medical, educational, agricultural, fishery, mineral, and fiscal surveys, demonstration, training, and similar projects that serve the purpose of promoting the development of economic resources and productive capacities of underdeveloped areas. The term "technical cooperation programs" does not include such activities authorized by the United States Information and Educational Exchange Act of 1948 (62 Stat. 6) as are not primarily related to economic development nor activities undertaken now or hereafter pursuant to the International Aviation Facilities Act (62 Stat. 450), nor pursuant to the Philippine Rehabilitation Act of 1946 (60 Stat. 128), as amended, nor pursuant to the Foreign Assistance Act of 1948 (62 Stat. 137), as amended, nor activities undertaken now or hereafter in the administration of areas occupied by the United States armed forces or in Korea by the Economic Cooperation Administration.

[(b) The term "United States Government agency" means any department, agency, board, wholly or partly owned corporation or instrumentality, commission, or independent establishment of the United States Government.

[(c) The term "international organization" means any intergovernmental organization of which the United States is a member.

[TITLE V

[INTERNATIONAL CHILDREN'S WELFARE WORK

[SEC. 501. (a) There is hereby authorized to be appropriated to the President not to exceed \$15,000,000 for the fiscal year ending June 30, 1951, to enable him to make contributions to the United Nations, or any subordinate body thereof, in such manner and on such terms and conditions as he may deem to be in the interests of the United States, to support permanent arrangements within the United Nations structure for international children's welfare work.

[(b) If at any time during such fiscal year the President deems it to be in the interests of the United States, he is authorized to make contributions, out of any funds appropriated pursuant to the authorization contained in subsection (a), to the International Children's Emergency Fund to carry out the purposes of the International Children's Emergency Fund Assistance Act of 1948 upon such terms and conditions as he may prescribe; but such contributions shall not exceed the limitation provided by section 204 of such Act.

[(c) No additional appropriations shall be made under the authorization contained in such Act of 1948.

[(d) Funds appropriated by the second paragraph of title I of the Foreign Aid Appropriation Act, 1949, shall remain available for the purposes for which appropriated through June 30, 1951.]

FAR EASTERN ECONOMIC ASSISTANCE ACT OF 1950, AS AMENDED

[AN ACT To provide economic assistance to certain areas of the Far East.

[Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act be cited as the "Far Eastern Economic Assistance Act of 1950".

[SEC. 2. To enable the President until June 30, 1950, to obligate funds heretofore appropriated for assistance in certain areas of China, section 12 of Public Law 47, Eighty-first Congress, is amended by striking out "February 15, 1950" and inserting in lieu thereof "June 30, 1950".

[SEC. 3. (a) The Administrator for Economic Cooperation is hereby authorized to furnish assistance to the Republic of Korea in conformity with—

[(1) the provisions of the Economic Cooperation Act of 1948, as amended, wherever such provisions are applicable and not inconsistent with the intent and purposes of this section 3; and

[(2) the agreement on aid between the United States of America and the Republic of Korea signed December 10, 1948, or any supplementary or succeeding agreement which shall not substantially alter the basic obligations of either party.

[(b) Notwithstanding the provisions of any other law, the Administrator shall immediately terminate aid under this section in the event of the formation in the Republic of Korea of a coalition government which includes one or more members of the Communist Party or of the party now in control of the government of northern Korea.

[(c) Notwithstanding the provisions of any other law, the Administrator is authorized to make available to the Republic of Korea merchant vessels of tonnage not in excess of two thousand five hundred gross tons each, in a number not to exceed ten at any one time, with a stipulation that such vessels shall be operated only in east Asian waters and must be returned forthwith upon demand of the Administrator and in any event not later than June 30, 1952. Any agency of the United States Government owning or operating any such vessel is authorized to make such vessel available to the Administrator for the purposes of this section upon his application, notwithstanding the provisions of any other law and without reimbursement by the Administrator, and title to any such vessel so supplied shall remain in the United States Government.

[(d) In order to carry out the provisions of this section 3, there is hereby authorized to be appropriated to the President, in addition to sums already appropriated, not to exceed \$60,000,000 for the fiscal year ending June 30, 1950, and \$100,000,000 for the fiscal year ending June 30, 1951.

[(e) Notwithstanding the provisions of any other law, until such time as an appropriation shall be made pursuant to subsection (d) of this section, the Reconstruction Finance Corporation is authorized and directed to make advances not to exceed in the aggregate \$30,000,000 to carry out the provisions of this section, in such manner, at such times, and in such amounts as the Administrator shall request, and no interest shall be charged on advances made by the Treasury to—

the Reconstruction Finance Corporation for this purpose. The Reconstruction Finance Corporation shall be repaid without interest for advances made by it hereunder; from funds made available for the purposes of this section 3.

[SEC. 4. The authorization for appropriations in this Act is limited to the period ending June 30, 1951, in order that any subsequent authorizations may be separately passed on, and is not to be construed as an express or implied commitment to provide further authorizations or appropriations.]

YUGOSLAV EMERGENCY RELIEF ASSISTANCE ACT OF 1950

[AN ACT To promote the foreign policy and provide for the defense and general welfare of the United States by furnishing emergency relief assistance to Yugoslavia.

[Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Yugoslav Emergency Relief Assistance Act of 1950".

[SEC. 2. The President is hereby authorized to expend not in excess of \$50,000,000 of the funds heretofore appropriated for expenses necessary to carry out the provisions of the Economic Cooperation Act of 1948, as amended (Public Law 759, Eighty-first Congress), for the purpose of providing emergency relief assistance to Yugoslavia under the authority of this Act.

[SEC. 3. No assistance under authority of this Act shall be made available nor shall any funds appropriated hereunder be expended until an agreement is entered into between Yugoslavia and the United States containing the following undertakings, and any others the President may determine to be desirable, on the part of Yugoslavia:

[(a) To make available to the Government of the United States local currency in amounts required by it to meet its local currency administrative and operating expenses in Yugoslavia in connection with assistance supplied under this Act.

[(b) To give full and continuous publicity through the press, radio, and all other available media in Yugoslavia to the assistance furnished by the United States; and to allow to the United States, in cooperation with Yugoslavia, the use of such media as may be required to accomplish this purpose.

[(c) To permit persons designated by the Government of the United States to observe and supervise without restriction the distribution by Yugoslavia of commodities and other assistance made available under the authority of this Act and to the extent necessary for this purpose to permit full freedom of movement of such persons within Yugoslavia and full access to communication and information facilities.

[(d) To make equitable distribution to the people in Yugoslavia of the commodities made available under this Act, as well as similar commodities produced locally or imported from outside sources, without discrimination as to race or political or religious belief.

[(e) Whenever relief supplies furnished under this Act are sold for local currency by the Government of Yugoslavia, to use an equivalent amount of such currency to provide relief to needy persons and to children, and for charitable, medical, and such other purposes as may be mutually agreed upon.

[(f) To take all appropriate economic measures to reduce its relief needs, to encourage increased production and distribution of food stuffs within Yugoslavia and to lessen the danger of similar future emergencies.

[SEC. 4. All of the funds made available under authority of this Act shall be utilized to the fullest practicable extent in the purchase of the commodities from the surplus commodities in the possession of the Commodity Credit Corporation at prices authorized by section 112 of the Foreign Assistance Act of 1948, as amended.

[SEC. 5. Nothing in this Act shall be interpreted as endorsing measures undertaken by the present Government of Yugoslavia which suppress or destroy religious, political, and economic liberty, and the Yugoslav Government shall be so notified when aid is furnished under this Act.

[SEC. 6. At the termination of each three-month period after aid has been extended under this Act the Secretary of State shall make a full and detailed report to the Congress. Said three-month reports shall not be limited to, but shall include (1) information as to whether or not Yugoslavia is abiding by the agreement as provided for under section 3 of this Act; (2) information as to any developments in the attitude of Yugoslavia with respect to basic human rights.

[SEC. 7. All or any portion of the funds made available under authority of this Act may be transferred by the President to any department or agency of the executive branch of the Government to be expended for the purpose of this Act. Funds

so transferred may be expended under the authority of any provisions of law, not inconsistent with this Act, applicable to the departments or agencies concerned, except that funds so transferred shall not be commingled with other funds of such departments or agencies and shall be accounted for separately.

【SEC. 8. Local currency made available to the United States by Yugoslavia under the provisions of the agreement required by section 3 may be used for local currency administrative and operating expenses in Yugoslavia in connection with assistance provided by this Act without charge against appropriated funds.

【SEC. 9. At least 50 per centum of the gross tonnage of any equipment, materials, or commodities made available under the provisions of this Act and transported on ocean vessels (computed separately for dry bulk carriers and dry cargo liners) shall be transported on United States flag commercial vessels at market rates for United States flag commercial vessels, if available.

【SEC. 10. All or any part of the assistance provided hereunder shall be promptly terminated by the President—

【(a) whenever he determines that (1) Yugoslavia is not complying fully with the undertakings in the agreement entered into under section 3 of this Act, or is diverting from the purpose of this Act assistance provided hereunder; or (2) because of changed conditions, continuance of assistance is unnecessary or undesirable, or no longer consistent with the national interest or the foreign policy of the United States;

【(b) whenever the Congress, by concurrent resolution, finds termination is desirable.

【Termination of assistance to Yugoslavia under this section shall include the termination of deliveries of all supplies scheduled under this Act and not yet delivered.】

MUTUAL SECURITY ACT OF 1951, AS AMENDED

【AN ACT To maintain the security and promote the foreign policy and provide for the general welfare of the United States by furnishing assistance to friendly nations in the interest of international peace and security.

¶ *【Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Mutual Security Act of 1951".*

【SEC. 2. (a) The Congress declares it to be the purpose of this Act to maintain the security and to promote the foreign policy of the United States by authorizing military, economic, and technical assistance to friendly countries to strengthen the mutual security and individual and collective defenses of the free world, to develop their resources in the interest of their security and independence and the national interest of the United States and to facilitate the effective participation of those countries in the United Nations system for collective security. The purposes of the Mutual Defense Assistance Act of 1949, as amended (22 U. S. C. 1571-1604), the Economic Cooperation Act of 1948, as amended (22 U. S. C. 1501-1522), and the Act for International Development (22 U. S. C. 1557) shall hereafter be deemed to include this purpose.

¶ 【(b) The Congress welcomes the recent progress in political federation, military integration, and economic unification in Europe and reaffirms its belief in the necessity of further vigorous efforts toward these ends as a means of building strength, establishing security, and preserving peace in the North Atlantic area. In order to provide further encouragement to such efforts, the Congress believes it essential that this Act should be so administered as to support concrete measures for political federation, military integration, and economic unification in Europe. Appropriations made pursuant to paragraphs 101 (a) (1), relating to military assistance, and 101 (a) (2), relating to defense support and economic assistance, of this Act may be used, pursuant to the applicable terms and conditions of the Mutual Defense Assistance Act of 1949, as amended, and of section 503 of this Act, respectively, to furnish assistance (including, in the case of amounts available pursuant to paragraph 101 (a) (2), transfers of funds) to any of the following organizations: (A) The North Atlantic Treaty Organization, (B) the European Coal and Steel Community, (C) the organization which may evolve from current international discussions concerning a European defense community.

【TITLE I—EUROPE

【SEC. 101. (a) In order to support the freedom of Europe through assistance which will further the carrying out of the plans for defense of the North Atlantic area, while at the same time maintaining the economic stability of the countries

of the area so that they may meet their responsibilities for defense, and to further encourage the economic unification and the political federation of Europe, there are hereby authorized to be appropriated to the President for the fiscal year 1952 for carrying out the provisions and accomplishing the policies and purpose of this Act—

[(1) Not to exceed \$5,028,000,000 for assistance pursuant to the provisions of the Mutual Defense Assistance Act of 1949, as amended (22 U. S. C. 1571-1604), for countries which are parties to the North Atlantic Treaty, for Spain, and for any country of Europe (other than a country covered by another title of this Act), which the President determines to be of direct importance to the defense of the North Atlantic area and whose increased ability to defend itself the President determines is important to the preservation of the peace and security of the North Atlantic area and to the security of the United States (any such determination to be reported forthwith to the Committee on Foreign Relations of the Senate, the Committee on Foreign Affairs of the House of Representatives, and the Committees on Armed Services of the Senate and of the House of Representatives), and not to exceed \$100,000,000 of such appropriation for any selected persons who are residing in or escapees from the Soviet Union, Poland, Czechoslovakia, Hungary, Rumania, Bulgaria, Albania, Lithuania, Latvia, and Estonia, or the Communist-dominated or Communist-occupied areas of Germany and Austria, or any Communist-dominated or Communist-occupied areas of Asia and any other countries absorbed by the Soviet Union either to form such persons into elements of the military forces supporting the North Atlantic Treaty Organization or for other purposes, when it is determined by the President that such assistance will contribute to the defense of the North Atlantic area or to the security of the United States. In addition, unexpended balances of appropriations heretofore made for carrying out the purposes of the Mutual Defense Assistance Act of 1949, as amended, through assistance to any of the countries covered by this paragraph are hereby authorized to be continued available through June 30, 1952, and to be consolidated with the appropriation authorized by this paragraph. Section 408 (c) of the Mutual Defense Assistance Act of 1949, as amended (22 U. S. C. 1579), is hereby repealed. There is hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$3,415,614,750, for assistance pursuant to the provisions of the Mutual Defense Assistance Act of 1949, as amended (22 U. S. C. 1571-1604) to countries eligible for assistance under this paragraph; and in addition unexpended balances of any appropriations heretofore made pursuant to this paragraph are authorized to be continued available for their original purposes through June 30, 1953, and to be consolidated with the appropriation hereby authorized.

[(2) There is hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$1,282,433,000 to provide assistance to any country covered by paragraph (1) of this subsection and to any other country covered by section 503 of this Act in accordance with the provisions of such section; and in addition unexpended balances of appropriations heretofore made pursuant to this paragraph are authorized to be continued available for their original purposes through June 30, 1953, and to be consolidated with the appropriation hereby authorized.

[(b) Not to exceed 10 per centum of the total of the appropriations made available under this section may be transferred, when determined by the President to be necessary for the purpose of this Act, between appropriations made available under either paragraph of subsection (a): *Provided*, That whenever the President makes any such determination, he shall forthwith notify the Committee on Foreign Relations of the Senate, the Committee on Foreign Affairs of the House of Representatives, and the Committees on Armed Services of the Senate and of the House of Representatives.

[(c) Not less than \$25,000,000 of the funds made available under authority of subsections (a) and (b) of this section shall be used for economic, technical, and military assistance to Spain in accordance with the provisions of this Act. Unexpended balances of appropriations made available for assistance to Spain pursuant to this section by the Act of October 31, 1951 (Public Law 249, Eighty-second Congress), are authorized to be continued available until June 30, 1953.

[SEC. 102. There is hereby authorized to be appropriated to the President for the fiscal year 1954, to be made available on such terms and conditions, including transfer of funds, as he may specify, (1) not to exceed \$100,000,000 for manufacture in France of artillery, ammunition, and semiautomatic weapons required

by French forces for the defense of the North Atlantic area, and (2) not to exceed \$100,000,000 for manufacture in the United Kingdom of military aircraft required by United Kingdom forces for the defense of the North Atlantic area.

【TITLE II—NEAR EAST AND AFRICA

【SEC. 201. In order to further the purpose of this Act by continuing to provide military assistance to Greece, Turkey, and Iran, there are hereby authorized to be appropriated to the President for the fiscal year 1952, not to exceed \$396,250,000 for furnishing assistance to Greece and Turkey pursuant to the provisions of the Act of May 22, 1947, as amended (22 U. S. C. 1401-1410), and for furnishing assistance to Iran pursuant to the provisions of the Mutual Defense Assistance Act of 1949, as amended (22 U. S. C. 1571-1604). In addition, unexpended balances of appropriations heretofore made for assistance to Greece and Turkey, available for the fiscal year 1951, pursuant to the Act of May 22, 1947, as amended, and for assistance to Iran pursuant to the Mutual Defense Assistance Act of 1949, as amended, are hereby authorized to be continued available through June 30, 1952, and to be consolidated with the appropriation authorized by this section. There is hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$560,316,500, to carry out the purposes and provisions of this section; and, in addition unexpended balances of any appropriations heretofore made pursuant to this section are authorized to be continued available for their original purposes through June 30, 1953, and to be consolidated with the appropriation hereby authorized.

【SEC. 202. (a) Whenever the President determines that such action is essential for the purpose of this Act, he may provide assistance, pursuant to the provisions of the Mutual Defense Assistance Act of 1949, as amended, to any country of the Near East area (other than those covered by section 201) and may utilize not to exceed 10 per centum of the amount made available under section 201 of this Act: *Provided*, That any such assistance may be furnished only upon determination by the President that (1) the strategic location of the recipient country makes it of direct importance to the defense of the Near East area, (2) such assistance is of critical importance to the defense of the free nations, and (3) the immediately increased ability of the recipient country to defend itself is important to the preservation of the peace and security of the area and to the security of the United States.

【(b) There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$50,000,000 to be available, whenever the President determines that such action is essential for the purpose of this Act, in order to provide assistance, pursuant to the provisions of the Mutual Defense Assistance Act of 1949, as amended, in the area of the Near East and Africa. Such assistance may be furnished to any organization created pursuant to a regional defense arrangement in the area, to any nation in the general area participating in such an arrangement, or to any other nation in the general area which the President determines to be of direct importance to the defense of the area and whose increased ability to defend itself the President determines to be important to the security of the United States (any such determination to be reported forthwith to the Committee on Foreign Relations of the Senate, the Committee on Foreign Affairs of the House of Representatives, and the Committees on Armed Services of the Senate and of the House of Representatives). No assistance shall be furnished under this subsection unless the recipient nation has agreed (1) that the equipment, materials, or services provided will be used solely to maintain its internal security, its legitimate self-defense, or to permit it to participate in the defense of the area, or in United Nations collective security arrangements and measures, and (2) that it will not undertake any act of aggression against any other nation.

【SEC. 203. In order to further the purpose of this Act in Africa and the Near East there is hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$50,822,750 to carry out the purposes and provisions of this section; and in addition unexpended balances of any appropriations heretofore made pursuant to this section are authorized to be continued available for their original purposes through June 30, 1953, and to be consolidated with the appropriation hereby authorized. Funds appropriated pursuant to this section shall be available under the applicable provisions of section 503 of this Act and the Act for International Development (22 U. S. C. 1557).

【SEC. 204. Not to exceed \$50,000,000 of the funds authorized under section 203 hereof may be contributed to the United Nations during the fiscal year 1952, for the purposes, and under the provisions, of the United Nations Palestine Refugee Aid Act of 1950 (22 U. S. C. 1556): *Provided*, That, whenever the President shall

determine that it would more effectively contribute to the purposes of the said United Nations Palestine Refugee Aid Act of 1950, he may allocate any part of such funds to any agency of the United States Government to be utilized in furtherance of the purposes of said Act and any amount so allocated shall be a part of the United States contribution to the United Nations Relief and Works Agency for Palestine Refugees in the Near East and shall be so credited by said Agency.

[SEC. 205. In order to assist in the relief of refugees coming into Israel, not to exceed \$50,000,000 of the funds authorized under section 203 hereof may be utilized during the fiscal year 1952, under such terms and conditions as the President may prescribe, for specific refugee relief and resettlement projects in Israel.

[SEC. 206. In order to further the purpose of this Act in the Near East and Africa, there is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$194,000,000 to be used, on such terms and conditions as he may specify, to furnish special economic assistance designed to promote the economic development of the area, for relief and rehabilitation of refugees in the area, and for other types of economic assistance to assist in maintaining economic and political stability in the area. The applicable provisions of the Act for International Development (64 Stat. 204; 22 U. S. C. 1557), except the provisions relating to the purpose for which assistance may be given, or of section 503 (b) (3) of this Act, shall apply to the expenditure of funds pursuant to this section to the extent that they are not inconsistent with the purposes of this section.

[TITLE III—ASIA AND PACIFIC

[SEC. 301. In order to carry out in the general area of China (including the Republic of the Philippines and the Republic of Korea) the provisions of subsection (a) of section 303 of the Mutual Defense Assistance Act of 1949, as amended (22 U. S. C. 1604 (a)), there are hereby authorized to be appropriated to the President for the fiscal year 1952, not to exceed \$535,250,000. In addition, unexpended balances of appropriations heretofore made for carrying out the provisions of title III of the Mutual Defense Assistance Act of 1949, as amended (22 U. S. C. 1602–1604), are hereby authorized to be continued available through June 30, 1952, and to be consolidated with the appropriation authorized by this section. Not to exceed \$50,000,000 of funds appropriated pursuant to this section (excluding balances of appropriations continued available) may be accounted for as provided in subsection (a) of said section 303. There is hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$564,807,500, to carry out the purposes and provisions of this section; and in addition unexpended balances of any appropriations heretofore made pursuant to this section are hereby authorized to be continued available for their original purposes through June 30, 1953, and to be consolidated with the appropriation hereby authorized.

[SEC. 302. (a) In order to further the purpose of this Act through the strengthening of the area covered in section 301 of this Act, there are hereby authorized to be appropriated to the President, for the fiscal year 1952, not to exceed \$237,500,000 for economic and technical assistance in those portions of such area which the President deems to be not under Communist control. Funds appropriated pursuant to authority of this section shall be available under the applicable provisions of Section 503 of this Act and the applicable provisions of the Act for International Development (22 U. S. C. 1557). In addition, unexpended balances of funds heretofore made available for carrying out the purposes of the China Area Aid Act of 1950 (22 U. S. C. 1547), are hereby authorized to be continued available through June 30, 1952, and to be consolidated with the appropriation authorized by this section. There is hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$202,778,250, to carry out the purposes and provisions of this subsection in accordance with the applicable provisions of section 503 of this Act and not to exceed \$118,634,250 to carry out the purposes and provisions of this subsection in accordance with the applicable provisions of the Act for International Development (Public Law 535, Eighty-first Congress); and in addition unexpended balances of any appropriations heretofore made pursuant to this subsection are hereby authorized to be continued available for their original purposes through June 30, 1953, and to be consolidated with the appropriation hereby authorized.

[(b) In order to further the purpose of this Act in India and Pakistan, there is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$94,400,000 to be used, on such terms and conditions as he may specify, to furnish special economic assistance designed to promote the economic development of such countries, to assist in maintaining economic and political stability

therein, and to enable the countries designated in this subsection to make greater progress toward solving their mutual problems in cooperation with each other. The applicable provisions of the Act for International Development, except the provisions relating to the purpose for which assistance may be given, or of section 503 (b) (3) of this Act, shall apply to the expenditure of funds pursuant to this section to the extent that they are not inconsistent with the purposes of this section.

[(c) The third proviso of section 202 of the China Area Aid Act of 1950 is amended by inserting "and of Korea" after "selected citizens of China" the first time it appears therein. Unexpended balances of allocations heretofore made to the Secretary of State pursuant to that proviso shall be continued available until expended.

[SEC. 303. (a) In order to provide for a United States contribution to the United Nations Korean Reconstruction Agency, established by the resolution of the General Assembly of the United Nations of December 1, 1950, there are hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$45,000,000. In addition, unobligated balances of the appropriations heretofore made, and available during the fiscal year 1951, for assistance to Korea under authority of the Far Eastern Economic Assistance Act of 1950, as amended (22 U. S. C. 1543, 1551, 1552), are hereby authorized to be continued available through June 30, 1953, and to be consolidated with the appropriation authorized by this section. In addition, the United States Department of the Army is hereby authorized to make available to the United Nations Korean Reconstruction Agency, at the time when that agency assumes full responsibility for relief and rehabilitation in Korea, goods and services of a value not to exceed \$40,750,000 which the Department of the Army then has on hand or on order for civilian relief in Korea and which the President determines should be contributed by the United States to the United Nations Korean Reconstruction Agency for use in its relief and rehabilitation operations in Korea. The value of goods and services made available pursuant to the preceding sentence shall be credited toward the contribution to be made by the United States to the United Nations Korean Reconstruction Agency. Not to exceed 50 per centum of the total of the appropriations authorized by this section may, when determined by the President to be necessary for the purpose of this Act, be transferred to and consolidated with the appropriation authorized by paragraph 302 (a). There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$71,000,000 for making contributions to the United Nations Korean Reconstruction Agency, or such other agency for relief and rehabilitation in Korea as the President may direct.

[(b) The sums made available pursuant to subsection (a) may be contributed from time to time on behalf of the United States in such amounts as the President determines to be appropriate to support those functions of the United Nations Korean Reconstruction Agency which the military situation in Korea permits the Agency to undertake pursuant to arrangements between the Agency and the United Nations Unified Command.

[(c) The provisions of subsections 304 (a) and (b) of the United Nations Palestine Refugee Aid Act of 1950 (22 U. S. C. 1556 (b)) are hereby made applicable with respect to Korean assistance furnished under this section.

[(d) Unencumbered balances of sums heretofore or hereafter deposited in the special account established pursuant to paragraph (2) of article V of the agreement of December 10, 1948, between the United States of America and the Republic of Korea (62 Stat., part 3, 3788) shall be used in Korea for such purposes as the President determines to be consistent with United Nations programs for assistance to Korea and as may be agreed to between the Government of the United States and the Republic of Korea.

[(e) The functions of the Administrator for Economic Cooperation under the provisions of section 3 of the Far Eastern Economic Assistance Act of 1950, as amended (22 U. S. C. 1551), shall hereafter be performed by such departments or agencies of the Government as the President shall direct.

[SEC. 304. There is hereby authorized to be appropriated to the President for the fiscal year 1954, to be made available on such terms and conditions, including transfer of funds, as he may specify, not to exceed \$400,000,000 for the procurement of equipment, materials, and services (as defined in section 411 of the Mutual Defense Assistance Act of 1949, as amended) which are required by and are to be made available to, or are necessary for the support of, the forces of the Associated States of Cambodia, Laos, and Vietnam and the forces of France located in such Associated States.

【TITLE IV—AMERICAN REPUBLICS AND NON-SELF-GOVERNING TERRITORIES OF THE WESTERN HEMISPHERE

【SEC. 401. In order to further the purpose of this Act through the furnishing of military assistance to the other American Republics, there are hereby authorized to be appropriated to the President, for the fiscal year 1952, not to exceed \$38,150,000 for carrying out the purposes of this section under the provisions of the Mutual Defense Assistance Act of 1949, as amended: *Provided*, That such assistance may be furnished only in accordance with defense plans which are found by the President to require the recipient country to participate in missions important to the defense of the Western Hemisphere. Any such assistance shall be subject to agreements, as provided herein and as required by section 402 of the Mutual Defense Assistance Act of 1949, as amended (22 U. S. C. 1573), designed to assure that the assistance will be used to promote the defense of the Western Hemisphere; and after agreement by the Government of the United States and the country concerned with respect to such missions, military assistance hereunder shall be furnished only in accordance with such agreement.

【SEC. 402. In order to further the purpose of this Act among the peoples of the American Republics and non-self-governing territories of the Western Hemisphere through the furnishing of technical assistance, there are hereby authorized to be appropriated to the President, for the fiscal year 1952, not to exceed \$21,250,000 for assistance under the provisions of the Act for International Development (22 U. S. C. 1557) and of the Institute of Inter-American Affairs Act, as amended (22 U. S. C. 281).

【SEC. 403. In addition to the amounts heretofore authorized and appropriated, there are hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$57,685,750 to carry out the purposes and provisions of section 401, which relates to military assistance for Latin America, and not to exceed \$20,329,000 to carry out the purposes and provisions of section 402, which relates to technical assistance for Latin America. In addition, unexpended balances of the appropriation heretofore made pursuant to each such section are authorized to be continued available for their original purposes through June 30, 1953, and to be consolidated with the applicable appropriation authorized by this section.

【TITLE V—ORGANIZATION AND GENERAL PROVISIONS

【UNIFIED DIRECTION OF PROGRAM

【SEC. 501. (a) In order that the programs of military, economic, and technical assistance authorized by this Act may be administered as parts of a unified program in accordance with the intent of Congress and to fix responsibility for the coordination and supervision of these programs in a single person, the President is authorized to appoint in the Executive Office of the President a Director for Mutual Security. The Director, on behalf of the President and subject to his direction, shall have primary responsibility for—

【(1) continuous supervision and general direction of the assistance programs under this Act to the end that such programs shall be (A) effectively integrated both at home and abroad, and (B) administered so as to assure that the defensive strength of the free nations of the world shall be built as quickly as possible on the basis of continuous and effective self-help and mutual aid;

【(2) preparation and presentation to the Congress of such programs of foreign military, economic, and technical assistance as may be required in the interest of the security of the United States;

【(3) preparation for the President of the report to the Congress required by section 518 of this Act and the supervision, coordination, and evaluation of all reports prepared by agencies of the United States Government in the course of their operations under this Act, in order to prevent duplication of effort and to insure a reduction of reporting requirements to the minimum essential for effective operation.

【(b) Except as otherwise provided by this Act, the Director shall not hold any other office or employment under the United States and shall not have any other responsibilities except those directly related to the coordination, supervision, and direction, of the programs covered by this Act or otherwise conferred upon him by law.

[(c) The Director shall be appointed by the President, by and with the advice and consent of the Senate, and shall receive compensation at the rate of \$22,500 per annum.

[(d) For the purpose of carrying out the provisions of this section, the President is authorized to utilize the positions created in subsection 406 (e) of the Mutual Defense Assistance Act of 1949, as amended. No person may serve in any such position under this subsection while at the same time he is an officer or employee of any other department or agency of the Government.

[(c) (1) The fourth paragraph of section 101 (a) of the National Security Act of 1947, as amended (50 U. S. C. 402 (a)), is amended by inserting after clause (4) the following:

["(5) the Director for Mutual Security:" and by renumbering clauses (5) and (6) thereof as clauses (6) and (7), respectively.

[(2) Section 4 (a) of Public Law 171, Seventy-ninth Congress, as amended (59 Stat. 512), is amended by striking out "Economic Cooperation Administration" and inserting in lieu thereof "Mutual Security Agency" and by striking out "Administrator for Economic Cooperation" and inserting in lieu thereof "Director for Mutual Security".

[MUTUAL SECURITY AGENCY

[SEC. 502. (a) The Economic Cooperation Administration and the offices of Administrator for Economic Cooperation, Deputy Administrator, United States Special Representative in Europe, and Deputy Special Representative are hereby abolished.

[(b) To assist in carrying out the purpose of this Act—

[(1) there is hereby established, with its principal office at the seat of the government, a Mutual Security Agency, hereinafter referred to as the Agency, which shall be headed by the Director for Mutual Security; and

[(2) there shall be transferred to the Director the powers, functions, and responsibilities conferred upon the Administrator for Economic Cooperation by the Economic Cooperation Act of 1948, as amended, and by any other law, but no such powers, functions, and responsibilities shall be exercised after June 30, 1952, except as provided in subsection (c) of this section.

[(c) Not later than April 1, 1952, the President shall inform the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives which of the powers, functions, and responsibilities transferred to the Director by subsection (b) (2) are found by the President to be necessary to enable the Director after June 30, 1952, to carry out the duties conferred upon him by section 503. The termination provisions of section 122 of the Economic Cooperation Act of 1948, as amended, shall come into effect on June 30, 1952, and none of the powers, functions, and responsibilities conferred by that Act shall be exercised after that date, except those powers, functions, and responsibilities found necessary to enable the Director to carry out the duties conferred on him by section 503 of this Act, which powers, functions, and responsibilities unless otherwise provided by law shall continue in effect until June 30, 1954.

[ADDITIONAL DUTIES OF DIRECTOR FOR MUTUAL SECURITY

[SEC. 503. (a) After June 30, 1952, the Director, on behalf of the President and subject to his direction, shall, in consultation with the Secretaries of State and Defense, continue to have primary responsibility for—

[(1) the development and administration of programs of assistance designed to sustain and increase military effort, including production, construction, equipment and matériel in each country or in groups of countries which receive United States military assistance;

[(2) the provision of such equipment, materials, commodities, services, financial, or other assistance as he finds to be necessary for carrying out mutual defense programs; and

[(3) the provision of limited economic assistance to foreign nations for which the United States has responsibility as a result of participation in joint control arrangements when the President finds that the provision of such economic assistance is in the interest of the security of the United States.

[(b) (1) Except as provided in paragraph (2), the Economic Cooperation Act of 1948, as amended, is repealed.

[(2) Of the powers, functions, and responsibilities transferred to the Director for Mutual Security by section 502 (b) (2) of this Act, only those which are exercised pursuant to the provisions of the Economic Cooperation Act of 1948, as amended, enumerated in paragraph (3) of this subsection and are not in con-

filed with the other provisions of this Act, as amended, may be exercised after June 30, 1952. Of the powers, functions, and responsibilities conferred on the President or the Secretary of State by the Economic Cooperation Act of 1948, as amended, only those conferred by the provisions of that Act, as amended, which are referred to in paragraph (3) of this subsection may be exercised after June 30, 1952.

[(3) The provisions of the Economic Cooperation Act of 1948, as amended, referred to above are the following: Sections 104 (e) and (f); 105 (c); 107; subsections (a), (c), and (d) of section 109; 110 (a) and (b); 111; 112; 113; subsections (d), (h), and (i) of section 114; 115 (a); 115 (b), except the first sentence thereof; subsections (d), (h), and (j) of section 115; section 117 (c); 118; 119; 120; and subsection (a) of section 121. Where any of the above provisions refer to the purposes of the Economic Cooperation Act of 1948, as amended, such reference shall be deemed to be to the purpose of this Act, as amended.

[APPOINTMENT AND TRANSFER OF PERSONNEL

[SEC. 504. (a) To carry out the functions conferred by sections 502 and 503 of this Act, there shall be in the Agency a Deputy Director, a Special Representative in Europe, and a Deputy Special Representative in Europe, who shall be appointed by the President by and with the advice and consent of the Senate. The Deputy Director shall receive compensation of \$17,500 per annum. The Special Representative in Europe shall receive the same compensation and allowances as a Chief of Mission, class 1, within the meaning of the Act of August 13, 1946 (60 Stat. 999), and have the rank of Ambassador Extraordinary and Plenipotentiary. The Deputy Special Representative in Europe shall be entitled to receive the same compensation and allowances as a Chief of Mission, class 3, within the meaning of the Act of August 13, 1946 (60 Stat. 999), and have the rank of Ambassador Extraordinary and Plenipotentiary.

[(b) Any personnel of the Economic Cooperation Administration, upon the certification of the Director for Mutual Security and with the approval of the Director of the Bureau of the Budget that such personnel are necessary to carry out the functions of the Director for Mutual Security, and all records and property of such Administration which the Director of the Bureau of the Budget determines are used primarily in the administration of the powers and functions transferred to the Director for Mutual Security by this Act, shall be transferred to the Mutual Security Agency.

[(c) Of the personnel employed in the United States on programs authorized by this Act, not to exceed fifty may be compensated at rates higher than those provided for grade 15 of the general schedule established by the Classification Act of 1949, as amended, and of these, not to exceed fifteen may be compensated at a rate in excess of the highest rate provided for grades of such general schedule but not in excess of \$15,000 per annum. Such positions shall be in addition to those authorized by law to be filled by Presidential appointment, and in addition to the number authorized by section 505 of the Classification Act of 1949, as amended.

[(d) (1) Ninety days after the enactment of the Mutual Security Act of 1952, the number of civilian employees who are United States citizens, receiving compensation or allowances from the administrative expense appropriations authorized by this Act, employed in the United States and overseas by or assigned to the Mutual Security Agency, or employed by or assigned to the Department of State or the Department of Defense for carrying out programs the appropriations for which are authorized by this Act, and the military personnel assigned to such programs, shall be in the aggregate at least 5 per centum less than the number so employed or assigned on June 1, 1952, except for such personnel of the Department of Defense engaged in the manufacturing, repair, rehabilitation, packing, handling, crating, or delivery of materiel.

[(2) One hundred twenty days after the enactment of the Mutual Security Act of 1953, the number of civilian employees who are United States citizens, receiving compensation or allowances from the administrative expense appropriations authorized by this Act, employed in the United States and overseas by or assigned to the Director for Mutual Security or the Mutual Security Agency or employed by or assigned to the Department of State or the Department of Defense and other participating agencies for carrying out programs the appropriations for which are authorized by this Act shall be in the aggregate at least 10 per centum less than the number so employed or assigned to comparable positions on January 31, 1953, except for such personnel of the Department of Defense engaged in the manufacturing, repair, rehabilitation, packing, handling, crating, or delivery of materiel.

[(3) After the Director has determined the reduction to be effected in each agency under paragraph (2), the determination as to which individual employee shall be retained shall be made by the head of the agency concerned.

[(4) The Director for Mutual Security shall cause studies to be made from time to time for the purpose of determining whether further reductions in personnel are feasible and consistent with the accomplishment of the purposes of this Act.

[(5) After July 1, 1953, the following categories of civilian employees and military personnel carrying out programs under the Mutual Defense Assistance Act of 1949, as amended, shall be in addition to the personnel ceiling established under paragraph (2) of this subsection:

[(A) Civilian employees and military personnel carrying out such programs in the Associated States of Cambodia, Laos, and Vietnam, over and above the number so engaged before July 1, 1953,

[(B) Civilian employees and military personnel carrying out such programs for any countries in which no such programs were in operation on July 1, 1953,

[(C) Civilian employees and military personnel carrying out such programs for international organizations and headquarters established after July 1, 1953.

[THE SECRETARY OF STATE

[SEC. 505. Nothing contained in this Act shall be construed to infringe upon the powers or functions of the Secretary of State.

[THE SECRETARY OF DEFENSE

[SEC. 506. (a) In the case of aid under this Act for military end items and related technical assistance and advice, the Secretary of Defense shall have primary responsibility and authority for—

[(1) the determination of military end-item requirements;

[(2) the procurement of military equipment in a manner which permits its integration with service programs;

[(3) the supervision of end-item use by the recipient countries;

[(4) the supervision of the training of foreign military personnel; and

[(5) the movement and delivery of military end items.

[(b) The establishment of priorities in the procurement, delivery, and allocation of military equipment shall be determined by the Secretary of Defense. The apportionment of funds between countries shall be determined by the President.

[(c) Notwithstanding any other provision of law, beginning with July 1, 1952, the Secretary of Defense may furnish (subject to reimbursement from funds appropriated pursuant to this Act) military assistance out of the materials of war whose production in the United States shall have been authorized for, and appropriated to, the Department of Defense: *Provided, however,* That nothing in this Act shall authorize the furnishing of military items under this subsection in excess of \$1,000,000,000 in value. For the purposes of this subsection (1) "value" shall be determined in accordance with section 403 (c) of the Mutual Defense Assistance Act of 1949, as amended, and (2) the term "materials of war" means those goods, commonly known as military end items, which are required for the performance of their missions by armed forces of a nation, including weapons, military vehicles, ships of war under fifteen hundred tons, aircraft, military communications equipment, ammunition, maintenance parts and spares, and military hardware.

[OVERSEAS COORDINATION

[SEC. 507. The President shall prescribe appropriate procedures to assure coordination among representatives of the United States Government in each country, under the leadership of the Chief of the United States Diplomatic Mission.

[RELATIONSHIP TO TECHNICAL COOPERATION ADMINISTRATION AND INSTITUTE OF INTER-AMERICAN AFFAIRS

[SEC. 508. Nothing in this Act shall be construed to modify the provisions of section 412 of the Act for International Development or the provisions of the Institute of Inter-American Affairs Act.

[DETAIL OF PERSONNEL TO FOREIGN GOVERNMENTS AND INTERNATIONAL ORGANIZATIONS]

[SEC. 509. Whenever the President determines it to be consistent with and in furtherance of the purpose of this Act, the head of any Government agency is authorized to—

[(a) detail or assign any officer or employee of his agency to any office or position to which no compensation is attached with any foreign government or foreign government agency: *Provided*, That such acceptance of office shall in no case involve the taking of an oath of allegiance to another government; and

[(b) detail, assign, or otherwise make available to any international organization in which the United States participates, any officer or employee of his agency to serve with or as a member of the international staff of such organizations.

Any such officer or employee, while so assigned or detailed, shall be considered, for the purpose of preserving his privileges, rights, seniority, or other benefits as such, an officer or employee of the Government of the United States and of the Government agency from which assigned or detailed, and he shall continue to receive compensation, allowances, and benefits from funds made available to that agency out of funds authorized under this Act.

[SECURITY CLEARANCE]

[SEC. 510. No citizen or resident of the United States may be employed, or if already employed, may be assigned to duties by the Director or the Secretary of State under this Act or the Act for International Development for a period to exceed three months unless (a) such individual has been investigated as to loyalty and security by the Civil Service Commission and a report thereon has been made to the Director or the Secretary of State, as the case may be, and until the Director or the Secretary of State has certified in writing (and filed copies thereof with the Senate Committee on Foreign Relations and the House Committee on Foreign Affairs) that after full consideration of such report, he believes such individual is loyal to the United States, its Constitution, and form of government, and is not now and has never been a member of any organization advocating contrary views; or (b) such individual has been investigated by a military intelligence agency and the Secretary of Defense has certified in writing that he believes such individual is loyal to the United States and filed copies thereof with the Senate Committee on Foreign Relations and the House Committee on Foreign Affairs. This section shall not apply in the case of any officer appointed by the President by and with the advice and consent of the Senate, nor shall it apply in the case of any person already employed under programs covered by this Act who has been previously investigated in connection with such employment.

[ELIGIBILITY FOR ASSISTANCE]

[SEC. 511. (a) No military, economic, or technical assistance authorized pursuant to this Act (other than assistance provided under section 408 (e) of the Mutual Defense Assistance Act of 1949, as amended) shall be supplied to any nation in order to further military effort unless the President finds that the supplying of such assistance will strengthen the security of the United States and unless the recipient country has agreed to—

[(1) join in promoting international understanding and good will, and maintaining world peace;

[(2) take such action as may be mutually agreed upon to eliminate causes of international tension;

[(3) fulfill the military obligations which it has assumed under multilateral or bilateral agreements or treaties to which the United States is a party;

[(4) make, consistent with its political and economic stability, the full contribution permitted by its manpower, resources, facilities, and general economic condition to the development and maintenance of its own defensive strength and the defensive strength of the free world;

[(5) take all reasonable measures which may be needed to develop its defense capacities; and

[(6) take appropriate steps to insure the effective utilization of the economic and military assistance provided by the United States.

[(b) No economic or technical assistance shall be supplied to any other nation unless the President finds that the supplying of such assistance will strengthen the security of the United States and promote world peace, and unless the recipient country has agreed to join in promoting international understanding and good will, and in maintaining world peace, and to take such action as may be mutually agreed upon to eliminate causes of international tension.

[(c) (1) The Congress of the United States finds that mutual security can be realized only to the extent that the countries who receive our aid do their utmost to help themselves and cooperate among themselves and with the United States to the fullest extent in achieving the objectives of the free world. In providing assistance under this Act, the Congress of the United States affirms the desire of the United States to continue to use its leadership and resources for the purpose of uniting the efforts of recipient countries to the end that positive accomplishments toward mutual security may be realized with a maximum of efficiency and a minimum of delay and cost.

[(2) In addition to the provisions of subsections (a) and (b) of this section, the Director, in administering this Act, shall insure that, where necessary to the mutual security effort, no country shall receive any assistance hereunder unless it take decisive action to marshal its resources collectively or individually where more suitable, with integration and unification plans in the appropriate area, and participate in programs which promote collective security in that area. The Director shall insure that, where suitable or necessary to the success of the mutual security effort, countries take adequate steps to mobilize their industries for mutual defense and gear their fiscal, budgetary, capital, political, and military resources to the objectives of this Act and take appropriate other steps toward self-help and mutual cooperation.

[(3) Assistance shall be given on a country-by-country basis to a degree and at a rate commensurate with the rate of progress made in the attainment of the objectives of this Act.

[FUTURE AUTHORIZATIONS

[SEC. 512. In order to carry out the purpose of this Act, with respect to those countries eligible to receive assistance as provided herein, funds shall be available as authorized and appropriated to the President each fiscal year.

[SPECIAL USE OF FUNDS

[SEC. 513. (a) Whenever the President determines it to be necessary for the purpose of this Act, funds made available under sections 101 (a) (1), 201, 301, and 401 may be transferred among such sections, except that not more than 10 per centum of the funds available under any such section may be transferred from that section; and funds made available under sections 101 (a), (2), 203, 302 (a), and 402 may be transferred among such sections, except that not more than 10 per centum of the funds available under any such section may be transferred from that section. Funds so transferred shall be consolidated with the funds available under the section to which they are transferred. Whenever the President makes any such determination, he shall forthwith notify the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives. In the case of the transfer of funds available for military purposes, he shall also forthwith notify the Committees on Armed Services of the Senate and House of Representatives.

[(b) Not more than \$100,000,000 of the funds made available under this Act, of which not more than \$20,000,000 may be allocated to any one country, may be used in any fiscal year by the President, to be expended, without regard to the requirements of this Act, or any other Act for which funds are authorized by this Act, in furtherance of the purposes of such Acts, when the President determines that such use is important to the security of the United States. The President shall notify the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives upon making any such determination.

[STRATEGIC MATERIALS

[SEC. 514. In order to reduce the drain on United States resources and to assure the production of adequate supplies of essential raw materials for the collective defense of the free world, the Director for Mutual Security is authorized to initiate projects for, and assist in procuring and stimulating increased production of, materials in which deficiencies or potential deficiencies in supply exist among nations receiving United States assistance. There is hereby authorized

to be appropriated to the President for the fiscal year 1954 not to exceed \$7,500,000 to carry out the provisions of this section.

【PROTECTION AGAINST ATTACHMENT】

【SEC. 515. All countries participating in any United States aid program or in any international organization receiving United States aid shall be required to so deposit, segregate, or assure title to all funds allocated to or derived from any program so that the same shall not be subject to garnishment, attachment, seizure, or other legal process by any person, firm, agency, corporation, organization, or government when in the opinion of the Director any such action would interfere with the attainment of the objectives of this Act.

【ENCOURAGEMENT OF FREE ENTERPRISE】

【SEC. 516. (a) The Congress recognizes the vital role of free enterprise in achieving rising levels of production and standards of living essential to the economic progress and defensive strength of the free world. Accordingly, it is declared to be the policy of the United States, in furtherance of the objectives of this Act, to encourage the efforts of other free countries in fostering private initiative and competition, in discouraging monopolistic practices, in improving the technical efficiency of their industry, agriculture, and commerce, and in the strengthening of free labor unions; and to encourage American enterprise in contributing to the economic strength of other free countries through private investment abroad and the exchange of ideas and technical information on the matters covered by this subsection.

【(b) Under the coordination of the Director for Mutual Security, the Mutual Security Agency, cooperating with private business groups and governmental agencies to the fullest extent possible, shall encourage a greater participation by private capital in the guaranty program and shall develop broad criteria to facilitate such participation, including programs consistent with the purposes of the Act for International Development.

【(c) The Department of Commerce shall, in cooperation with such groups and agencies (including the International Bank for Reconstruction and Development), conduct a thorough study of the legal and other impediments, foreign and local, to private investment abroad, and the methods and means whereby those impediments can be removed or decreased and shall make recommendations thereon to the Director for Mutual Security.

【(d) The Department of State, in cooperation with other agencies of the Government concerned with private investment abroad, and taking into account the study and recommendations described in subsection (c) of this section, shall accelerate a program of negotiating treaties of commerce and trade, or other temporary arrangements where more suitable or expeditious, which shall include provisions to encourage and facilitate the flow of private investment to countries participating in programs under this Act.

【(e) The Technical Cooperation Administration taking into account the study and recommendations described in subsection (c) of this section, shall encourage and facilitate a greater participation by private industrial groups or agencies in private contracts awarded by the Administration, and shall, in cooperation with the Department of Commerce and the Mutual Security Agency, find and draw the attention of private enterprise to opportunities for investment and development in underdeveloped areas.

【(f) The reports required by section 518 of this Act shall include detailed information on the implementation of this section.

【PATENTS AND TECHNICAL INFORMATION】

【SEC. 517. (a) As used in this section—

【(1) the term “invention” means an invention or discovery covered by a patent issued by the United States, and

【(2) the term “information” means information originated by or peculiarly within the knowledge of the owner thereof and those in privity with him, which is not available to the public and is subject to protection as property under recognized legal principles.

【(b) Whenever, in connection with the furnishing of any assistance in furtherance of the purpose of this Act—

【(1) use within the United States, without authorization by the owner, shall be made of an invention, or

[(2) damage to the owner shall result from the disclosure of information by reason of acts of the United States or its officers or employees, the exclusive remedy of the owner of such invention or information shall be by suit against the United States in the Court of Claims or in the District Court of the United States for the district in which such owner is a resident for reasonable and entire compensation for unauthorized use or disclosure. In any such suit the United States may avail itself of any and all defenses, general or special, that might be pleaded by any defendant in a like action.

[(c) Before such suit against the United States has been instituted, the head of the appropriate department or agency of the Government, which has furnished any assistance in furtherance of the purpose of this Act, is authorized and empowered to enter into an agreement with the claimant, in full settlement and compromise of any claim against the United States hereunder.

[(d) The provisions of the last sentence of section 1498 of Title 28 of the United States Code shall apply to inventions and information covered by this section.

[(e) Except as otherwise provided by law, no recovery shall be had for any infringement of a patent committed more than six years prior to the filing of the complaint or counterclaim for infringement in the action, except that the period between the date of receipt by the Government of a written claim under subsection (c) above for compensation for infringement of a patent and the date of mailing by the Government of a notice to the claimant that his claim has been denied shall not be counted as part of the six years, unless suit is brought before the last-mentioned date.

[REPORTS

[SEC. 518. The President, from time to time while funds appropriated for the purpose of this Act continue to be available for obligation, shall transmit to the Congress, in lieu of any reports otherwise required by laws continued in effect by this Act, reports covering each six months of operations in furtherance of the purpose of this Act, except information the disclosure of which he deems incompatible with the security of the United States. The first such report shall cover the six-month period commencing on the date this Act becomes effective. Reports provided for under this section shall be transmitted to the Secretary of the Senate or the Clerk of the House of Representatives, as the case may be, if the Senate or the House of Representatives, as the case may be, is not in session.

[LOCAL CURRENCY

[SEC. 519. (a) Upon a determination by the Director that it will further the purpose of this Act, not to exceed \$10,000,000 of the funds made available pursuant to section 203 of this Act and not to exceed \$25,000,000 of funds made available pursuant to section 302 of this Act may be advanced out of funds made available for assistance under section 503 of this Act to countries covered by said sections in return for equivalent amounts of the currency of such countries being made available to meet local currency needs of the aid programs in such countries pursuant to agreements made in advance with the United States: *Provided*, That except when otherwise prescribed by the Director as necessary to the effective accomplishment of the aid programs in such countries, all funds so advanced shall be held under procedures set out in such agreements until used to pay for goods and services approved by the United States or until repaid to the United States for reimbursement to the appropriation from which drawn.

[(b) In order to assist in carrying out the provisions of the Economic Cooperation Act of 1948, as amended, not to exceed \$50,000,000 of funds made available under the authority of this Act for assistance pursuant to the provisions of the Economic Cooperation Act of 1948, as amended (22 U. S. C. 1501-1522), may be used to acquire local currency for the purpose of increasing the production of materials in which the United States is deficient.

[GUARANTIES

[SEC. 520. Funds realized from the sales of notes pursuant to section 111 (c) (2) of the Economic Cooperation Act of 1948, as amended, shall be available for making guaranties of investments in accordance with the applicable provisions of sections 111 (b) (3) and 111 (c) (2) of the Economic Cooperation Act, as amended, in any country with which the United States has agreed to institute the guaranty program, notwithstanding the provisions of section 511 of this Act.

[ADMINISTRATIVE EXPENSES]

[SEC. 521. Funds made available for carrying out the provisions of title I of this Act shall be available for United States participation in the acquisition or construction of facilities in foreign countries for collective defense: *Provided*, That no part of such funds shall be expended for rental or purchase of land or for payment of taxes. Such funds shall also be available for the administrative expenses of carrying out the purposes of all of the titles of this Act, including expenses incident to United States participation in international security organizations and expenses in the United States in connection with programs authorized under the Act for International Development. Funds made available for carrying out the purpose of this Act in the Federal Republic of Germany may, as authorized in subsection 114 (h) of the Economic Cooperation Act of 1948, as amended (22 U. S. C. 1512 (h)), be transferred by the President to any department or agency for the expenses necessary to meet the responsibilities and obligations of the United States in the Federal Republic of Germany.

* * * * *

[USE OF COUNTERPART]

[SEC. 523. Section 115 (b) (6) of the Economic Cooperation Act of 1948, as amended (22 U. S. C. 1513 (b) (6)), is hereby amended by—

[(a) inserting in the second proviso thereof after “wealth” the following: “for the encouragement of emigration pursuant to subsection (e) of this section”;

[(b) adding in the last clause of the second proviso “and operating” after “administrative”;

[(c) striking from the last clause of the second proviso “within such country”;

[(d) substituting in the fourth proviso the words “upon termination of assistance to such country under this Act” in the place of the words “on June 30, 1952”; and

[(e) adding at the end thereof the following new sentences: “The Administrator shall exercise the power granted to him by this paragraph to make agreements with respect to the use of the funds deposited in the special accounts of ‘participating countries’ (as defined in section 103 (a) hereof) and any other countries receiving assistance under the Mutual Defense Assistance Act of 1949, as amended, in such a manner that the equivalent of not less than \$500,000,000 of such funds shall be used exclusively for military production, construction, equipment, and matériel in such countries. The amount to be devoted from each such special account for such use shall be agreed upon by the Administrator and the country or countries concerned.”.

[RETURN OF EQUIPMENT]

[SEC. 524. The President shall make appropriate arrangements with each nation receiving equipment or matériel under the Mutual Defense Assistance Act of 1949, as amended (other than equipment or material furnished under terms requiring the nation to reimburse the United States in full therefore), for the return to the United States (1) for salvage or scrap, or (2) for such other disposition as the President shall deem to be in the interest of mutual security, of any of such equipment or material as is no longer required for the purposes for which originally made available.

[REIMBURSABLE AID]

[SEC. 525. Section 408 (e) of the Mutual Defense Assistance Act of 1949, as amended (22 U. S. C. 1580), is hereby amended by adding in the first proviso thereof, after the words “of which it is a part”, the words “or in United Nations collective security arrangements and measures”, and by changing the figure at the end of such section 408 (e) to “\$500,000,000”.

[EXCESS EQUIPMENT]

[SEC. 526. The proviso in the first sentence of section 403 (d) of the Mutual Defense Assistance Act of 1949, as amended (22 U. S. C. 1574 (d)), is hereby amended to read as follows: “*Provided*, That after June 30, 1950, such limitation shall be increased by \$250,000,000 and after June 30, 1951, by an additional \$300,000,000”.

[CONGRESSIONAL COMMITTEE EXPENSES]

[SEC. 527. Section 115 (h) of the Economic Cooperation Act of 1948, as amended (22 U. S. C. 1513 (h)) is amended by inserting before the period at the end thereof a comma and the following: "including local currency requirements of appropriate committees of the Congress engaged in carrying out their duties under section 136 of the Legislative Reorganization Act of 1946".

[UNITED NATIONS TECHNICAL ASSISTANCE]

[SEC. 528. The Act for International Development is amended—

“(a) By adding before the period at the end of section 404 (b) the following: *“Provided, That for the fiscal year ending June 30, 1952, such contributions from funds made available under authority of sections 101 (a) (2), 203, 302, and 402 of the Mutual Security Act of 1951 shall not exceed in the aggregate \$13,000,000 and the use of such contributions shall not be limited to the area covered by the section of the Act from which the funds are drawn”*.

“(b) By adding at the end of section 407 a new paragraph:

“(d) Participating countries shall be encouraged to establish fair labor standards of wages and working conditions and management-labor relations.”

“(c) By repealing section 414.

[TERMINATION OF ASSISTANCE BY PRESIDENT]

[SEC. 529. If the President determines that the furnishing of assistance to any nation—

“(a) is no longer consistent with the national interest or security of the United States or the policies and purpose of this Act; or

“(b) would contravene a decision of the Security Council of the United Nations; or

“(c) would be inconsistent with the principle that members of the United Nations should refrain from giving assistance to any nation against which the Security Council or the General Assembly has recommended measures in case of a threat to, or breach of, the peace, or act of aggression, he shall terminate all or part of any assistance furnished pursuant to this Act. The function conferred herein shall be in addition to all other functions heretofore conferred with respect to the termination of military, economic, or technical assistance.

[EXPIRATION OF PROGRAM]

[SEC. 530. (a) After June 30, 1954, or after the date of the passage of a concurrent resolution by the two Houses of Congress before such date, none of the authority conferred by this Act or by the Mutual Defense Assistance Act of 1949, as amended (22 U. S. C. 1571-1604) may be exercised; except that during the twenty-four months following such date equipment, materials, commodities, and services with respect to which procurement for, shipment to, or delivery in a recipient country had been authorized prior to such date, may be transferred to such country, and funds appropriated under authority of this Act may be obligated during such twenty-four month period for the necessary expenses of procurement, shipment, delivery, and other activities essential to such transfer and shall remain available during such period for the necessary expenses of liquidating operations under this Act: *Provided, That* such part of the equipment, materials, and services referred to above as is to be transferred to recipient countries under the Mutual Defense Assistance Act of 1949, as amended, or the Act of May 22, 1947, as amended, may be so transferred until June 30, 1957, and that part of the funds referred to above which is appropriated to carry out such Acts may be obligated for the purposes set forth above, and for liquidating operations under this proviso, until June 30, 1957: *Provided, That* guaranties authorized under section 111 (b) (3) of the Economic Cooperation Act of 1948, as amended, may be issued until June 30, 1957, out of any funds remaining available for that purpose.

“(b) At such time as the President shall find appropriate after such date, and prior to the expiration of the twenty-four months following such date, the powers, duties, and authority conferred by this Act and by the Mutual Defense Assistance Act of 1949, as amended, may be transferred for the purpose of liquidation to such other departments, agencies, or establishments of the Government as the President shall specify, and the relevant funds, records, property and personnel may be transferred to the departments, agencies, or establishments to which the related functions are transferred.

[EFFECTIVE DATE]

[SEC. 531. Sections 502 (a), (b) (2), and section 504 (b) of this Act shall take effect on such date or dates as the President shall specify, but in no event later than sixty days after the date the Director first appointed takes office. Section 511 shall take effect ninety days after enactment of this Act. All other provisions of this Act shall take effect upon the date of its enactment.

[EXEMPTION FROM CONTRACT, ACCOUNTING, AND CERTAIN OTHER LAWS]

[SEC. 532. The provisions of section 119 of the Economic Cooperation Act of 1948, as amended (22 U. S. C. 1517), which concern exemption from contract and accounting laws, shall apply to the performance of functions authorized by this Act.

[SEC. 533. (a) Notwithstanding section 2 of the Act of July 31, 1894 (5 U. S. C. 62), which prohibits certain retired officers from holding certain office, any retired officer of any of the services mentioned in the Career Compensation Act of 1949 may hold any office or appointment under this Act or the Mutual Defense Assistance Control Act of 1951, but the compensation of any such retired officer shall be subject to the provisions of the Act of June 30, 1932 (5 U. S. C. 59a), which does not permit retired pay to be added to the compensation received as a civilian officer.

[(b) Officers of the United States Public Health Service and officers of the Coast and Geodetic Survey, who are assigned for duty under this Act outside the continental limits of the United States, may receive the allowances and benefits provided for officers in the Foreign Service Reserve or Staff by the Foreign Service Act of 1946, as amended (22 U. S. C. 801-1204), and may also receive salary differentials as provided in that Act computed on their basic pay under the Career Compensation Act of 1949, as amended (37 U. S. C. 231-320); and, in addition to any quarters furnished them by the Government, such officers may receive, during the period of their assignment for duty outside the continental limits of the United States, the allowance payable under section 302 (f) of the Career Compensation Act of 1949, as amended (37 U. S. C. 252 (f)).

[MOVEMENT OF MIGRANTS]

[SEC. 534. In order to encourage further the movement of migrants from European countries having surplus population, there is hereby authorized to be appropriated to the President \$9,240,500 for use in making contributions for the calendar year 1953 to the Provisional Intergovernmental Committee for the Movement of Migrants from Europe established at Brussels, Belgium, on December 5, 1951. There is hereby authorized to be appropriated to the President not to exceed \$10,000,000 for contributions during the calendar year 1954 to the Intergovernmental Committee for European Migration.

[OCEAN FREIGHT CHARGES ON RELIEF PACKAGES]

[SEC. 535. The authority to pay ocean freight charges on shipments of relief supplies and packages under section 117 (c) of the Economic Cooperation Act of 1948, as amended (22 U. S. C. 1515 (c)); shall be continued and may be exercised after June 30, 1952, by any department or agency of the Government that the President may designate: *Provided*, That this authority shall hereafter also be applicable to relief shipments by voluntary nonprofit relief agencies registered with and approved by the Advisory Committee on Voluntary Foreign Aid to any country eligible for economic or technical assistance under this Act; *And provided further*, That not to exceed \$2,587,500 are authorized to be appropriated to the President for the fiscal year 1953 for use in paying ocean freight charges under section 117 (c) of the Economic Cooperation Act of 1948, as amended. There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$1,825,000 for use in paying ocean freight charges under section 117 (c) of the Economic Cooperation Act of 1948, as amended.

[INFORMATIONAL MEDIA GUARANTIES]

[SEC. 536. The authority to make informational media guaranties under section 111 (b) (3) of the Economic Cooperation Act of 1948, as amended, shall be fully continued and may be exercised after June 30, 1952, by any department or agency of the Government that the President may designate.

[LIMITATION ON FUNDS FOR PROPAGANDA]

[SEC. 537. None of the funds herein authorized to be appropriated nor any counterpart funds shall be used to pay for personal services or printing, or for other expenses of the dissemination within the United States of general propaganda in support of the mutual security program, or to pay the travel or other expenses outside the United States of any citizen or group of citizens of the United States for the purpose of publicizing such program within the United States.

[SMALL BUSINESS]

[SEC. 538. (a) Insofar as practicable and to the maximum extent consistent with the accomplishment of the purposes of this Act, the Director for Mutual Security shall assist American small business to participate equitably in the furnishing of commodities and services financed with funds authorized under this Act (other than funds authorized to carry out the provisions of the Mutual Defense Assistance Act of 1949, as amended) by making available or causing to be made available to suppliers in the United States and particularly to small independent enterprises, information, as far in advance as possible, with respect to purchases proposed to be financed with funds authorized under this Act (other than funds authorized to carry out the provisions of the Mutual Defense Assistance Act of 1949, as amended), by making available or causing to be made available to prospective purchasers in the countries receiving assistance under this Act information as to commodities and services produced by small independent enterprises in the United States, and by offering additional services to give small business better opportunities to participate in the furnishing of commodities and services financed with such funds.

[(b) There shall be continued in the Mutual Security Agency the Office of Small Business headed by the Special Assistant for Small Business to carry out the provisions of subsections (a) and (b) of this section. Each report transmitted to the Congress under section 518 shall include a report of all activities under this section. The Technical Cooperation Administration shall adopt the procedure of notifying American business, particularly small independent enterprises, of procurement and other information as far in advance as possible through the facilities of the Office of Small Business of the Mutual Security Agency. The Secretary of Defense shall assure that there is made available to suppliers in the United States, and particularly to small independent enterprises, information with respect to purchases made by the Department of Defense pursuant to the provisions of the Mutual Defense Assistance Act of 1949, as amended, such information to be furnished as far in advance as possible.

[(c) Section 112 (i) of the Economic Cooperation Act of 1948, as amended, is hereby repealed.

[LIMITATION ON USE OF COUNTERPART FUNDS]

[SEC. 539. Except as otherwise specifically authorized by law, all counterpart funds of local currencies created by section 115 (b) (6) of the Economic Cooperation Act of 1948, as amended, and by Acts supplementary or amendatory thereto shall be expended only on programs to carry out the purposes for which new funds authorized by this Act would themselves be available.

[AUTHORIZATION OF APPROPRIATIONS]

[SEC. 540. There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$2,129,689,870 to be available under section 101 (a) (1) (relating to military assistance for Europe): *Provided*, That of the equipment and materials made available under section 101 (a) (1) with funds appropriated pursuant to the authorization contained in this section, 50 per centum shall be transferred to the organization referred to in clause (C) of section 2 (b) or to the countries which become members thereof, unless the Congress upon the recommendation of the President, shall hereafter otherwise provide; \$305,212,637 to be available under section 201 (relating to military assistance for the Near East and Africa); \$1,081,620,493 to be available under section 301 (relating to military and other assistance for Asia and the Pacific); and \$15,000,000 to be available under section 401 (relating to military assistance for Latin America).

[SEC. 541. There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$250,000,000 to carry out the provisions of sec-

tion 101 (a) (2) (relating to defense support and economic assistance for Europe), and not to exceed \$84,000,000 to carry out the provisions of section 302 (a) (relating to defense support, economic and technical assistance), including the exploration and development of mineral and petroleum resources, for the National Government of the Republic of China and the Associated States of Cambodia, Laos, and Vietnam.

[SEC. 542. There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$100,000,000 for the purpose of furnishing special weapons to nations eligible to receive military assistance under this Act or to the international organizations referred to in section 2 (b) (A) and 2 (b) (C) of this Act: *Provided*, That, prior to the obligation of funds for this purpose, the President shall determine that such obligation is of direct importance to the security interest of the United States and is in furtherance of the policies and purposes of the Mutual Defense Assistance Act of 1949, as amended: *And provided further*, That, prior to the transfer of such weapons, the President shall determine (1) that the recipient is adequately prepared to safeguard the security of such weapons; (2) that the transfer of such weapons will be of direct importance to the security interest of the United States; and (3) that such transfer will further the purposes and policies of the Mutual Defense Assistance Act of 1949, as amended. Nothing contained in this section shall alter, amend, revoke, repeal, or otherwise affect the provisions of any law restricting, limiting, or prohibiting the transfer of any such weapons. Notwithstanding any other provisions of this Act, funds made available pursuant to this section may be used only for the purpose of this section.

[SEC. 543. There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$43,792,500 to carry out the provisions of section 203 (relating to economic and technical assistance for the Near East and Africa); \$72,100,000 to carry out the provisions of section 302 (a) (relating to defense support, economic and technical assistance) other than for the National Government of the Republic of China and the Associated States of Cambodia, Laos, and Vietnam; and \$24,342,000 to carry out the provisions of section 402 (relating to technical assistance for Latin America).

[SEC. 544. There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$13,750,000 for multilateral technical cooperation under section 404 (b) of the Act for International Development.

[SEC. 545. There is hereby authorized to be appropriated to the President not to exceed \$9,000,000 for contributions during the calendar year 1954 for the support of international children's welfare work in such manner and on such terms and conditions as he may deem to be in the interests of the United States.

[UNEXPENDED BALANCES

[SEC. 546. The unexpended balance under each paragraph of title III, Mutual Security, of the Supplemental Appropriation Act, 1953, is hereby authorized to be continued available for its original purposes through June 30, 1954, and may be consolidated with the appropriate fiscal year 1954 appropriation made for the same general purpose under the authority of this Act.

[UNDERDEVELOPED AREAS

[SEC. 547. Whenever funds are made available under this Act for assistance, other than military assistance, to any economically underdeveloped area, such funds may be used under the applicable provisions of section 503 (b) (3) or the applicable provisions of the Act for International Development. Where administrative arrangements, including provisions relating to compensation and allowances of personnel, authorized under section 503 (b) (3), differ from those authorized by the Act for International Development, the Director may make use of arrangements authorized under either statute, in carrying out such programs, except that before extending the provisions of section 109 (a) of the Economic Cooperation Act of 1948, as amended, to countries in which programs authorized under the Act for International Development are being carried out, the Director will secure the approval of the Secretary of State.

[UNITED STATES USE OF FOREIGN CURRENCY

[SEC. 548. (a) The several amounts otherwise authorized by this Act to be appropriated are authorized to be increased by amounts which shall not, in the aggregate, exceed \$98,396,000.

[(b) Amounts appropriated pursuant to any authorization contained in this Act are authorized to be made available for purchase of foreign currencies (including foreign currencies or credits owed to or owned by the United States): *Provided*, That such currencies or credits are authorized to be made available for use, without reimbursement to the Treasury, for liquidation of obligations legally incurred against such currencies prior to July 1, 1953.

[NEAR EAST REFUGEES]

[SEC. 549. (a) In order to contribute to the peace and stability of the Near East in particular and of the world in general, the Director for Mutual Security shall, in consultation with the Secretary of State, make a survey of the refugee situation in the Near East and report the results of the survey to the Congress within one hundred fifty days after the Mutual Security Act of 1953 is enacted, together with recommendations for seeking a solution. In the making of such report and recommendations, especial consideration shall be given to a program which would utilize the services and talents of these refugees to develop and expand the resources of the area, including its water resources.

[(b) In carrying out his duties under this section, the Director for Mutual Security shall consult with the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives, and shall keep these committees constantly and fully informed of the action which he takes to carry out the provisions of this section.

[USE OF SURPLUS AGRICULTURAL COMMODITIES]

[SEC. 550. (a) Not less than \$100,000,000 and not more than \$250,000,000 of the funds authorized to be appropriated under this Act, shall be used, directly or indirectly, to finance the purchase of surplus agricultural commodities or products thereof, produced in the United States.

[(b) The President is authorized to enter into agreements with friendly countries for the sale and export of such surplus agricultural commodities under conditions negotiated by him with such countries and to accept in payment therefor local currency for the account of the United States. In negotiating agreements for the sale of such commodities, the President shall—

[(1) take special precaution to safeguard against the substitution or displacement of usual marketings of the United States or friendly countries, and to assure to the maximum extent practicable that sales prices of such commodities are consistent with maximum world market prices of like commodities of similar quality, and to obtain the recommendations of the Secretary of Agriculture in carrying out the provisions of this subsection;

[(2) use private trade channels to the maximum extent practicable;

[(3) give appropriate emphasis to underdeveloped and new market areas;

[(4) obtain assurance that the purchasing countries will not resell or transship to other countries or use for other than domestic consumption commodities purchased under this program without specific approval by the President.

[(c) Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, the President shall use the proceeds of such sales for the purpose of this Act, giving particular regard to the following purposes—

[(1) for providing military assistance to countries or mutual defense organizations eligible to receive assistance under this Act;

[(2) for purchase of goods or services in friendly countries;

[(3) for loans, under applicable provisions of this Act, to increase production of goods or services, including strategic materials, needed in any country with which an agreement was negotiated, or in other friendly countries, with the authority to use currencies received in repayment for the purposes stated in this section or for deposit to the general account of the Treasury of the United States;

[(4) for developing new markets on a mutually beneficial basis;

[(5) for grants-in-aid to increase production for domestic needs in friendly countries;

[(6) for purchasing materials for United States stockpiles.

[(d) In carrying out the provisions of this section, the President shall take special precaution to safeguard against the displacement of foreign exchange earnings which would otherwise accrue to the United States or any friendly nations.

[(e) The President is authorized to enter into such agreements with third countries receiving goods accruing from the proceeds of sales made pursuant to this section as he deems necessary to effectuate the purpose of this Act.]

MUTUAL SECURITY ACT OF 1952

[AN ACT To amend the Mutual Security Act of 1951, and for other purposes

[Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Mutual Security Act of 1952".

[SEC. 2. Section 2 of the Mutual Security Act of 1951 is amended by inserting "(a)" after the section number and by adding at the end thereof a new subsection as follows:

["(b) The Congress welcomes the recent progress in political federation, military integration, and economic unification in Europe and reaffirms its belief in the necessity of further vigorous efforts toward these ends as a means of building strength, establishing security, and preserving peace in the North Atlantic area. In order to provide further encouragement to such efforts, the Congress believes it essential that this Act should be so administered as to support concrete measures for political federation, military integration, and economic unification in Europe. Appropriations made pursuant to paragraphs 101 (a) (1), relating to military assistance, and 101 (a) (2), relating to defense support and economic assistance, of this Act may be used, pursuant to the applicable terms and conditions of the Mutual Defense Assistance Act of 1949, as amended, and of section 503 of this Act, respectively, to furnish assistance (including, in the case of amounts available pursuant to paragraph 101 (a) (2), transfers of funds) to any of the following organizations: (A) The North Atlantic Treaty Organization, (B) the European Coal and Steel Community, (C) the organization which may evolve from current international discussions concerning a European defense community."

[SEC. 3. Title I (relating to Europe) of the Mutual Security Act of 1951 is amended as follows:

[(a) In paragraph 101 (a) (1), insert ", for Spain," after "parties to the North Atlantic Treaty".

[(b) At the end of section 101 (a) (1), which relates to military assistance for Europe, add the following new sentence: "There is hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$3,415,614,750, for assistance pursuant to the provisions of the Mutual Defense Assistance Act of 1949, as amended (22 U. S. C. 1571-1604) to countries eligible for assistance under this paragraph; and in addition unexpended balances of any appropriations heretofore made pursuant to this paragraph are authorized to be continued available for their original purposes through June 30, 1953, and to be consolidated with the appropriation hereby authorized."

[(c) Amend section 101 (a) (2), which relates to defense support and economic assistance for Europe, to read as follows: "There is hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$1,282,433,000 to provide assistance to any country covered by paragraph (1) of this subsection and to any other country covered by section 503 of this Act in accordance with the provisions of such section; and in addition unexpended balances of appropriations heretofore made pursuant to this paragraph are authorized to be continued available for their original purposes through June 30, 1953, and to be consolidated with the appropriation hereby authorized."

[(d) At the end of section 101, add the following new subsection:

["(c) Not less than \$25,000,000 of the funds made available under authority of subsections (a) and (b) of this section shall be used for economic, technical, and military assistance to Spain in accordance with the provisions of this Act. Unexpended balances of appropriations made available for assistance to Spain pursuant to this section by the Act of October 31, 1951 (Public Law 249, Eighty-second Congress), are authorized to be continued available until June 30, 1953."

[SEC. 4. Title II (relating to the Near East and Africa) of the Mutual Security Act of 1951 is amended as follows:

[(a) At the end of section 201, which relates to military assistance for the Near East area, add the following new sentence: "There is hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$560,316,500, to carry out the purposes and provisions of this section; and in addition unexpended balances of any appropriations heretofore made pursuant to this section are authorized to be continued available for their original purposes through June 30, 1953, and to be consolidated with the appropriation hereby authorized."

[(b) Amend section 203, which relates to economic and technical assistance for the Near East and Africa, to read as follows: "In order to further the purpose of this Act in Africa and the Near East there is hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$50,822,750 to carry out the purposes and provisions of this section; and in addition unexpended balances of any appropriations heretofore made pursuant to this section are authorized to be continued available for their original purposes through June 30, 1953, and to be consolidated with the appropriation hereby authorized. Funds appropriated pursuant to this section shall be available under the applicable provisions of section 503 of this Act and the Act for International Development (22 U. S. C. 1557)."

[(c) After section 205 add the following new section:

["SEC. 206. In addition to the amounts authorized by section 203, there is hereby authorized to be appropriated not to exceed \$60,063,250 for carrying out the purposes and provisions of section 204 of this Act, relating to Palestine refugees, during the fiscal year 1953; and not to exceed \$70,228,000 for carrying out the purposes and provisions of section 205 of this Act, relating to refugees in Israel, during the fiscal year 1953: *Provided*, That amounts appropriated pursuant to this section which the President finds cannot be effectively expended to carry out the purposes and provisions of sections 204 and 205 may be transferred to and merged with the appropriations authorized by section 203."

[SEC. 5. Title III (relating to Asia and the Pacific) of the Mutual Security Act of 1951 is amended as follows:

[(a) At the end of section 301, which relates to military and other assistance for Asia and the Pacific, add the following new sentence: "There is hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$564,807,500, to carry out the purposes and provisions of this section; and in addition unexpended balances of any appropriations heretofore made pursuant to this section are hereby authorized to be continued available for their original purposes through June 30, 1953, and to be consolidated with the appropriation hereby authorized."

[(b) In the second sentence of section 302 (a), which relates to economic and technical assistance for Asia and the Pacific, strike out the words "the applicable provisions of the Economic Cooperation Act of 1948, as amended (22 U. S. C. 1501-1522), and" and insert in lieu thereof "the applicable provisions of section 503 of this Act and the applicable provisions" and at the end of such subsection add the following new sentence: "There is hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$202,778,250, to carry out the purposes and provisions of this subsection in accordance with the applicable provisions of section 503 of this Act and not to exceed \$118,634,250 to carry out the purposes and provisions of this subsection in accordance with the applicable provisions of the Act for International Development (Public Law 535, Eighty-first Congress); and in addition unexpended balances of any appropriations heretofore made pursuant to this subsection are hereby authorized to be continued available for their original purposes through June 30, 1953, and to be consolidated with the appropriation hereby authorized."

[(c) At the end of section 302 (b), concerning Chinese and Korean students in the United States, add the following new sentence: "Unexpended balances of allocations heretofore made to the Secretary of State pursuant to that proviso shall be continued available until expended."

[(d) In the first sentence of section 303 (a), authorizing the appropriation of \$45,000,000 for Korean relief, after the words "to be appropriated to the President" insert the words "for the fiscal year 1953".

[(e) In the second sentence of section 303 (a) strike out "1952" and insert "1953".

[(f) Immediately before the last sentence of section 303 (a) insert the following: "In addition, the United States Department of the Army is hereby authorized to make available to the United Nations Korean Reconstruction Agency, at the time when that agency assumes full responsibility for relief and rehabilitation in Korea, goods and services of a value not to exceed \$67,500,000 which the Department of the Army then has on hand or on order for civilian relief in Korea and which the President determines should be contributed by the United States to the United Nations Korean Reconstruction Agency for use in its relief and rehabilitation operations in Korea. The value of goods and services made available pursuant to the preceding sentence shall be credited toward the contribution to be made by the United States to the United Nations Korean Reconstruction Agency."

[(g) The last sentence of section 303 (b), which provides for reduction in United States contributions to Korean relief by the amounts made available by United States agencies, is hereby repealed.

[SEC. 6. Title IV (relating to Latin America) of the Mutual Security Act of 1951 is amended (1) by adding at the end of the center heading "AND NON-SELF-GOVERNING TERRITORIES OF THE WESTERN HEMISPHERE", (2) by inserting after "Republics" in section 402 the words "and non-self-governing territories of the Western Hemisphere", and (3) by adding at the end of such title the following new section:

["SEC. 403. In addition to the amounts heretofore authorized and appropriated, there are hereby authorized to be appropriated to the President for the fiscal year 1953 not to exceed \$57,685,750 to carry out the purposes and provisions of section 401, which relates to military assistance for Latin America, and not to exceed \$20,329,000 to carry out the purposes and provisions of section 402, which relates to technical assistance for Latin America. In addition, unexpended balances of the appropriation heretofore made pursuant to each such section are authorized to be continued available for their original purposes through June 30, 1953, and to be consolidated with the applicable appropriation authorized by this section."

[SEC. 7. Title V (relating to organization) of the Mutual Security Act of 1951 is amended as follows:

[(a) Section 522, which requires that at least 10 per centum of the funds for aid pursuant to the Economic Cooperation Act of 1948, as amended, be in the form of loans, is hereby repealed.

[(b) In paragraph (3) of section 501 (a), insert before the period at the end thereof the following: "and the supervision, coordination, and evaluation of all reports prepared by agencies of the United States Government in the course of their operations under this Act, in order to prevent duplication of effort and to insure a reduction of reporting requirements to the minimum essential for effective operation".

[(c) Amend section 503 by inserting "(a)" after "503", by redesignating paragraphs (a), (b), and (c) as (1), (2), and (3), respectively, and by adding at the end thereof the following new subsection:

["(b) (1) Except as provided in paragraph (2), the Economic Cooperation Act of 1948, as amended, is repealed.

["(2) Of the powers, functions, and responsibilities transferred to the Director for Mutual Security by section 502 (b) (2) of this Act, only those which are exercised pursuant to the provisions of the Economic Cooperation Act of 1948, as amended, enumerated in paragraph (3) of this subsection and are not in conflict with the other provisions of this Act, as amended, may be exercised after June 30, 1952. Of the powers, functions, and responsibilities conferred on the President or the Secretary of State by the Economic Cooperation Act of 1948, as amended, only those conferred by the provisions of that Act, as amended, which are referred to in paragraph (3) of this subsection may be exercised after June 30, 1952.

["(3) The provisions of the Economic Cooperation Act of 1948, as amended, referred to above are the following: Sections 104 (e) and (f); 105 (c); 107; subsections (a), (c), and (d) of section 109; 110 (a) and (b); 111; 112; 113; subsections (d), (h), and (i) of section 114; 115 (a); 115 (b), except the first sentence thereof; subsections (d), (h), and (j) of section 115; section 117 (c); 118; 119; 120; and subsection (a) of section 121. Where any of the above provisions refer to the purposes of the Economic Cooperation Act of 1948, as amended, such reference shall be deemed to be to the purpose of this Act, as amended."

[(d) In section 504 (a), strike out all after "Senate" and insert in lieu thereof a period and the following sentences: "The Deputy Director shall receive compensation of \$17,500 per annum. The Special Representative in Europe shall receive the same compensation and allowances as a Chief of Mission, class 1, within the meaning of the Act of August 13, 1946 (60 Stat. 999), and have the rank of Ambassador Extraordinary and Plenipotentiary. The Deputy Special Representative in Europe shall be entitled to receive the same compensation and allowances as a Chief of Mission, class 3, within the meaning of the Act of August 13, 1946 (60 Stat. 999), and have the rank of Ambassador Extraordinary and Plenipotentiary."

[(e) In section 504 (c), (1) strike out "transferred to or employed by the Mutual Security Agency" and insert in lieu thereof "employed in the United States on programs authorized by this Act" and (2) amend the second sentence of such subsection to read as follows: "Such positions shall be in addition to those authorized by law to be filled by Presidential appointment, and in addition to the number authorized by section 505 of the Classification Act of 1949, as amended."

[(f) Before the period at the end of section 504 (d), insert the following: "Provided further, That, ninety days after the enactment of the Mutual Security Act

of 1952, the number of civilian employees who are United States citizens, receiving compensation or allowances from the administrative expense appropriations authorized by this Act, employed in the United States and overseas by or assigned to the Mutual Security Agency, or employed by or assigned to the Department of State or the Department of Defense for carrying out programs the appropriations for which are authorized by this Act, and the military personnel assigned to such programs, shall be in the aggregate at least 5 per centum less than the number so employed or assigned on June 1, 1952, except for such personnel of the Department of Defense engaged in the manufacturing, repair, rehabilitation, packing, handling, crating, or delivery of matériel: *Provided further*, That after the Director has determined the reduction to be effected in each agency, the determination as to which individual employees shall be retained shall be made by the head of the agency concerned".

[(g) Amend section 506 (c) to read as follows:

[(c) Notwithstanding any other provision of law, beginning with July 1, 1952, the Secretary of Defense may furnish (subject to reimbursement from funds appropriated pursuant to this Act) military assistance out of the materials of war whose production in the United States shall have been authorized for, and appropriated to, the Department of Defense: *Provided, however*, That nothing in this Act shall authorize the furnishing of military items under this subsection in excess of \$1,000,000,000 in value. For the purposes of this subsection (1) 'value' shall be determined in accordance with section 403 (c) of the Mutual Defense Assistance Act of 1949, as amended, and (2) the term 'materials of war' means those goods, commonly known as military end items," which are required for the performance of their missions by armed forces of a nation, including weapons, military vehicles, ships of war under fifteen hundred tons, aircraft, military communications equipment, ammunition, maintenance parts and spares, and military hardware."

[(h) Section 511 is amended by adding the following new subsection:

[(c) (1) The Congress of the United States finds that mutual security can be realized only to the extent that the countries who receive our aid do their utmost to help themselves and cooperate among themselves and with the United States to the fullest extent in achieving the objectives of the free world. In providing assistance under this Act, the Congress of the United States affirms the desire of the United States to continue to use its leadership and resources for the purpose of uniting the efforts of recipient countries to the end that positive accomplishments toward mutual security may be realized with a maximum of efficiency and a minimum of delay and cost.

[(2) In addition to the provisions of subsections (a) and (b) of this section, the Director, in administering this Act, shall insure that, where necessary to the mutual security effort, no country shall receive any assistance hereunder unless it take decisive action to marshal its resources collectively, or individually where more suitable, with integration and unification plans in the appropriate area, and participate in programs which promote collective security in that area. The Director shall insure that, where suitable or necessary to the success of the mutual security effort, countries take adequate steps to mobilize their industries for mutual defense and gear their fiscal, budgetary, capital, political, and military resources to the objectives of this Act and take appropriate other steps toward self-help and mutual cooperation.

[(3) Assistance shall be given on a country-by-country basis to a degree and at a rate commensurate with the rate of progress made in the attainment of the objectives of this Act."

[(i) In section 513, amend the heading to read "SPECIAL USE OF FUNDS", insert "(a)" after "SEC. 513.", and add at the end of such section the following new subsection:

[(b) Not more than \$100,000,000 of the funds made available under the Mutual Security Act of 1952, of which not more than \$20,000,000 may be allocated to any one country, may be used or supplied without regard to any conditions as to eligibility contained in this Act, or any other Act for which funds are authorized by this Act, when the President determines that such use is important to the security of the United States. The President shall notify the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives upon making any such determination."

[(j) Amend section 514 to read as follows:

[“STRATEGIC MATERIALS

[“SEC. 514. In order to reduce the drain on United States resources and to assure the production of adequate supplies of essential raw materials for the collective defense of the free world, the Director for Mutual Security is authorized to initiate projects for, and assist in procuring and stimulating increased production of, materials in which deficiencies or potential deficiencies in supply exist among nations receiving United States assistance.”]

[(k) Amend section 516 by inserting “(a)” after “SEC. 516.” and by adding at the end of such section the following new subsections:

[(b) To accomplish the purpose of clause (1) of subsection (a) of this section, under the coordination of the Director for Mutual Security, the Mutual Security Agency, cooperating with private business groups and governmental agencies to the fullest extent possible, shall encourage a greater participation by private capital in the guaranty program and shall develop broad criteria to facilitate such participation, including programs consistent with the purposes of the Act for International Development.

[(c) The Department of Commerce shall, in cooperation with such groups and agencies (including the International Bank for Reconstruction and Development), conduct a thorough study of the legal and other impediments, foreign and local, to private investment abroad, and the methods and means whereby those impediments can be removed or decreased and shall make recommendations thereon to the Director for Mutual Security.

[(d) The Department of State, in cooperation with other agencies of the Government concerned with private investment abroad, and taking into account the study and recommendations described in subsection (c) of this section, shall accelerate a program of negotiating treaties of commerce and trade, or other temporary arrangements where more suitable or expeditious, which shall include provisions to encourage and facilitate the flow of private investment to countries participating in programs under this Act.

[(e) The Technical Cooperation Administration, taking into account the study and recommendations described in subsection (c) of this section, shall encourage and facilitate a greater participation by private industrial groups or agencies in private contracts awarded by the Administration, and shall, in cooperation with the Department of Commerce and the Mutual Security Agency, find and draw the attention of private enterprise to opportunities for investment and development in underdeveloped areas.

[(f) The reports required by section 518 of this Act shall include detailed information on the implementation of this section.”]

[(l) In section 519 (a), which permits the limited use of economic and technical assistance funds for the Near East, Africa, Asia, and the Pacific to acquire local currency, immediately after the words “may be advanced”, insert the words “out of funds made available for assistance under section 503 of this Act”.

[(m) After section 531 add the following new section—

[“EXEMPTION FROM CONTRACT, ACCOUNTING, AND CERTAIN OTHER LAWS

[“SEC. 532. The provisions of section 119 of the Economic Cooperation Act of 1948, as amended (22 U. S. C. 1517), which concern exemption from contract and accounting laws, shall apply to the performance of functions authorized by this Act.

[“SEC. 533. (a) Notwithstanding section 2 of the Act of July 31, 1894 (5 U. S. C. 62), which prohibits certain retired officers from holding certain office, any retired officer of any of the services mentioned in the Career Compensation Act of 1949 may hold any office or appointment under this Act or the Mutual Defense Assistance Control Act of 1951, but the compensation of any such retired officer shall be subject to the provisions of the Act of June 30, 1932 (5 U. S. C. 59a), which does not permit retired pay to be added to the compensation received as a civilian officer.

[(b) Officers of the United States Public Health Service and officers of the Coast and Geodetic Survey, who are assigned for duty under this Act outside the continental limits of the United States, may receive the allowances and benefits provided for officers in the Foreign Service Reserve or Staff by the Foreign Service Act of 1946, as amended (22 U. S. C. 801-1204), and may also receive salary differentials as provided in that Act computed on their basic pay under the Career Compensation Act of 1949, as amended (37 U. S. C. 231-320); and, in addition to any quarters furnished them by the Government, such officers may receive, during the period of their assignment for duty outside the con-

tinental limits of the United States, the allowance payable under section 302 (f) of the Career Compensation Act of 1949, as amended (37 U. S. C. 252 (f)).

["MOVEMENT OF MIGRANTS

["SEC. 534. In order to encourage further the movement of migrants from European countries having surplus population, there is hereby authorized to be appropriated to the President \$9,240,500 for use in making contributions for the calendar year 1953 to the Provisional Intergovernmental Committee for the Movement of Migrants from Europe established at Brussels, Belgium, on December 5, 1951.

["OCEAN FREIGHT CHARGES ON RELIEF PACKAGES

["SEC. 535. The authority to pay ocean freight charges on shipments of relief supplies and packages under section 117 (c) of the Economic Cooperation Act of 1948, as amended (22 U. S. C. 1515 (c)), shall be continued and may be exercised after June 30, 1952, by any department or agency of the Government that the President may designate: *Provided*, That this authority shall hereafter also be applicable to relief shipments by voluntary nonprofit relief agencies registered with and approved by the Advisory Committee on Voluntary Foreign Aid to any country eligible for economic or technical assistance under this Act: *And provided further*, That not to exceed \$2,587,500 are authorized to be appropriated to the President for the fiscal year 1953 for use in paying ocean freight charges under section 117 (c) of the Economic Cooperation Act of 1948, as amended.

["INFORMATIONAL MEDIA GUARANTIES

["SEC. 536. The authority to make informational media guaranties under section 111 (b) (3) of the Economic Cooperation Act of 1948, as amended, shall be fully continued and may be exercised after June 30, 1952, by any department or agency of the Government that the President may designate.

["LIMITATION ON FUNDS FOR PROPAGANDA

["SEC. 537. None of the funds herein authorized to be appropriated nor any counterpart funds shall be used to pay for personal services or printing, or for other expenses of the dissemination within the United States of general propaganda in support of the mutual security program, or to pay the travel or other expenses outside the United States of any citizen or group of citizens of the United States for the purpose of publicizing such program within the United States.

["SMALL BUSINESS

["SEC. 538. (a) Insofar as practicable and to the maximum extent consistent with the accomplishment of the purposes of this Act, the Director for Mutual Security shall assist American small businesses to participate equitably in the furnishing of commodities and services financed with funds authorized under this Act (other than funds authorized to carry out the provisions of the Mutual Defense Assistance Act of 1949, as amended) by making available or causing to be made available to suppliers in the United States and particularly to small independent enterprises, information, as far in advance as possible, with respect to purchases proposed to be financed with funds authorized under this Act (other than funds authorized to carry out the provisions of the Mutual Defense Assistance Act of 1949, as amended), by making available or causing to be made available to prospective purchasers in the countries receiving assistance under this Act information as to commodities and services produced by small independent enterprises in the United States, and by offering additional services to give small business better opportunities to participate in the furnishing of commodities and services financed with such funds.

["(b) There shall be continued in the Mutual Security Agency the Office of Small Business headed by the Special Assistant for Small Business to carry out the provisions of subsections (a) and (b) of this section. Each report transmitted to the Congress under section 518 shall include a report of all activities under this section. The Technical Cooperation Administration shall adopt the procedure of notifying American business, particularly small independent enterprises, of procurement and other information as far in advance as possible through the facilities of the Office of Small Business of the Mutual Security Agency. The Secretary of Defense shall assure that there is made available to suppliers in the United States,

and particularly to small independent enterprises, information with respect to purchases made by the Department of Defense pursuant to the provisions of the Mutual Defense Assistance Act of 1949, as amended, such information to be furnished as far in advance as possible.

["(c) Section 112 (i) of the Economic Cooperation Act of 1948, as amended, is hereby repealed.

["LIMITATION ON USE OF COUNTERPART FUNDS

["SEC. 539. Except as otherwise specifically authorized by law, all counterpart funds of local currencies created by section 115 (b) (6) of the Economic Cooperation Act of 1948, as amended, and by Acts supplementary or amendatory thereto shall be expended only on programs to carry out the purposes for which new funds authorized by this Act would themselves be available."

["SEC. 8. The Mutual Defense Assistance Act of 1949, as amended (22 U. S. C. 1571-1604), is further amended as follows:

["(a) Before the period at the end of the proviso in the first sentence of section 403 (d), which authorizes the furnishing of \$1,000,000,000 worth of excess equipment to foreign nations, insert a comma and the words "and after June 30, 1952, by an additional \$200,000,000".

["(b) Change section 408 (e), concerning reimbursable aid, to read as follows:

["(e) (1) The President may, from time to time, in the interest of achieving standardization of military equipment and in order to provide procurement assistance without cost to the United States, transfer, or enter into contracts for the procurement for transfer of, equipment, materials, or services to: (A) nations eligible for assistance under title I, II, III, or IV of the Mutual Security Act of 1951; (B) a nation which has joined with the United States in a collective defense and regional arrangement; (C) any international military organization or headquarters if, in the opinion of the President, such assistance will further the purposes of this Act; or (D) any other nation not eligible to join a collective defense and regional arrangement referred to in clause (B) above, but whose ability to defend itself or to participate in the defense of the area of which it is a part, is important to the security of the United States: *Provided*, That, prior to the transfer of any equipment, materials, or services to a nation under this clause (D), it shall provide the United States with assurance that such equipment, materials, or services are required for and will be used solely to maintain its internal security, its legitimate self-defense, or to permit it to participate in the defense of the area of which it is a part, or in the United Nations collective security arrangements and measures, and that it will not undertake any act of aggression against any other state: *Provided further*, That, in the case of any such transfer, the President shall forthwith notify the Committee on Foreign Relations of the Senate, the Committees on Armed Services of the Senate and of the House of Representatives, and the Committee on Foreign Affairs of the House of Representatives.

["(2) Whenever equipment or material is transferred from the stocks of, or services are rendered by any agency, to any nation or international organization as provided in paragraph (1) above, such nation or international organization shall first make available the fair value, as determined by the President, of such equipment, materials, or services before delivery or, when the President determines it to be in the best interests of the United States, within sixty days thereafter. The fair value for the purpose of this paragraph shall not be less for the various categories of equipment or materials than the value as defined in subsection (c) of section 403: *Provided*, That with respect to excess equipment or materials the fair value may not be determined to be less than the value specified in paragraph (1) of that subsection plus (a) 10 per centum of the original gross cost of such equipment or materials; (b) the scrap value; or (c) the market value, if ascertainable, whichever is the greater. Before a contract is entered into, or rehabilitation work is undertaken, such nation shall (A) provide the United States with a dependable undertaking to pay the full amount of such contract or the cost of such rehabilitation which will assure the United States against any loss on the contract, or rehabilitation work, and (B) shall make funds available in such amounts and at such times as may be necessary to meet the payments required by the contract or the rehabilitation work in advance of the time such payments are due, in addition to the estimated amount of any damages and costs that may accrue from the cancellation of such contract or rehabilitation work: *Provided*, That the total amount of outstanding contracts under this subsection, less the amounts which have been paid the United States by such nations, shall at no time exceed \$700,000,000.

["(3) The provisions of section 409 of this Act shall not apply to equipment, materials, and commodities made available under this subsection."

[SEC. 9. Section 115 of the Economic Cooperation Act of 1948, as amended, is amended as follows:

[(a) Before the period at the end of paragraph (6) of subsection (b) insert a colon and the following: "*And provided further, That whenever funds from such special account are used by a country to make loans all funds received in repayment of such loans shall be redeposited in such special account*".

[(b) In subsection (h) strike out "5 per centum" and insert in lieu thereof "10 per centum".

[(c) At the end of such section add a new subsection as follows:

["(k) Of the funds appropriated pursuant to section 101 (a) (2) of the Mutual Security Act of 1951, as amended, (1) \$100,000,000 shall, to the maximum extent practicable consistent with the accomplishment of the policies and purposes of the Mutual Security Act of 1951, as amended, be expended in such manner and subject to such agreements as may be necessary to assure that the amounts of local currencies deposited under subsection (b) (6) as a result of such expenditure shall be used exclusively, in accordance with principles developed by the Administrator, to establish revolving funds which shall be available for making loans, and otherwise to carry out programs in furtherance of the objectives of section 516 of the Mutual Security Act of 1951, with a view to stimulating free enterprise and the expansion of the economies of those countries with equitable sharing of the benefits of increased production and productivity between consumers, workers, and owners; and (2) the Director for Mutual Security is authorized to transfer not exceeding \$2,500,000 to the Organization for European Economic Cooperation, to be used on terms and conditions to be specified by the Director in order to promote the objectives of section 516 of the Mutual Security Act of 1951, as amended."

[SEC. 10. The Act for International Development is amended as follows:

[(a) At the end of section 404 (b), as amended, which relates to contributions of not to exceed \$13,000,000 for 1952 to international organizations for technical cooperation programs, add the following proviso: "*Provided further, That for the fiscal year 1953 not to exceed \$15,708,750 is authorized to be appropriated to the President for use in making contributions under this subsection.*"

[(b) Change section 413 (a) thereof, which concerns the appointment of the Administrator of the Technical Cooperation Administration at a salary of \$15,000, to read as follows:

["(a) The President shall appoint, by and with the advice and consent of the Senate, an Administrator for Technical Cooperation, who, under the direction of the President or such other officer as he may designate pursuant to section 412 hereof to exercise the powers conferred upon him by this title, shall be responsible for planning, implementing, and managing the programs authorized in this title. He shall be compensated at a rate fixed by the President without regard to the Classification Act of 1949 but not in excess of \$16,000 per annum. The President may also appoint, by and with the advice and consent of the Senate, a Deputy Administrator for Technical Cooperation who shall perform such functions as the Administrator shall designate, and shall be Acting Administrator for Technical Cooperation during the absence or disability of the Administrator or in the event of a vacancy in the office of the Administrator. The Deputy Administrator shall receive compensation at a rate fixed by the President without regard to the Classification Act of 1949 but not in excess of \$15,000 per annum."

[SEC. 11. Section 32 (b) (2) of the Surplus Property Act of 1944, as amended (50 App. U. S. C. 1641), is amended by striking out in the first sentence thereof "acquired as a result of such surplus property disposals," and inserting in lieu thereof "held or available for expenditure by the United States or any agency thereof (or deposited pursuant to agreements entered into pursuant to section 115 (b) (6) and 115 (h) of the Economic Cooperation Act of 1948, as amended), and not required by law or agreement with such government to be expended or used for any other purpose,".

[SEC. 12. There is hereby authorized to be appropriated to the President not to exceed \$16,481,000 to enable him to make contributions to the United Nations International Children's Emergency Fund until December 31, 1953, in such manner and on such terms and conditions as he may deem to be in the interests of the United States to support international children's welfare work: *Provided, That the contributions shall be made in such a manner as to give assurance that they will not exceed 33½ per centum of contributions from all governments, including contributions made by governments for the benefit of persons located within territories under their control: Provided further, That none of the funds authorized shall be used in duplication of the activities of other agencies of the United Nations.*]

MUTUAL SECURITY ACT OF 1953

【AN ACT To amend further the Mutual Security Act of 1951, as amended, and for other purposes.

【*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Mutual Security Act of 1953".*】

【CHAPTER I—MILITARY ASSISTANCE

【SEC. 101. AUTHORIZATION OF APPROPRIATION.—The Mutual Security Act of 1951, as amended, is amended by adding at the end thereof the following new section:

【“AUTHORIZATION OF APPROPRIATIONS

【“SEC. 540. There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$2,129,689,870 to be available under section 101 (a) (1) (relating to military assistance for Europe): *Provided*, That of the equipment and materials made available under section 101 (a) (1) with funds appropriated pursuant to the authorization contained in this section, 50 per centum shall be transferred to the organization referred to in clause (C) of section 2 (b) or to the countries which become members thereof, unless the Congress, upon the recommendation of the President, shall hereafter otherwise provide; \$305,212,637 to be available under section 201 (relating to military assistance for the Near East and Africa); \$1,081,620,493 to be available under section 301 (relating to military and other assistance for Asia and the Pacific); and \$15,000,000 to be available under section 401 (relating to military assistance for Latin America).”

【CHAPTER II—MUTUAL DEFENSE FINANCING

【SEC. 201. AUTHORIZATION OF APPROPRIATIONS.—(a) The Mutual Security Act of 1951, as amended, is amended by adding after section 540 the following new section:

【“SEC. 541. There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$250,000,000 to carry out the provisions of section 101 (a) (2) (relating to defense support and economic assistance for Europe), and not to exceed \$84,000,000 to carry out the provisions of section 302 (a) (relating to defense support, economic and technical assistance), including the exploration and development of mineral and petroleum resources, for the National Government of the Republic of China and the Associated States of Cambodia, Laos, and Vietnam.”

【(b) Such Act, as amended, is further amended by inserting after section 101 the following new section:

【“SEC. 102. There is hereby authorized to be appropriated to the President for the fiscal year 1954, to be made available on such terms and conditions, including transfer of funds, as he may specify, (1) not to exceed \$100,000,000 for manufacture in France of artillery, ammunition, and semiautomatic weapons required by French forces for the defense of the North Atlantic area, and (2) not to exceed \$100,000,000 for manufacture in the United Kingdom of military aircraft required by United Kingdom forces for the defense of the North Atlantic area.”

【(c) Such Act, as amended, is further amended by inserting after section 303 the following new section:

【“SEC. 304. There is hereby authorized to be appropriated to the President for the fiscal year 1954, to be made available on such terms and conditions, including transfer of funds, as he may specify, not to exceed \$400,000,000 for the procurement of equipment, materials, and services (as defined in section 411 of the Mutual Defense Assistance Act of 1949, as amended) which are required by and are to be made available to, or are necessary for the support of, the forces of the Associated States of Cambodia, Laos, and Vietnam and the forces of France located in such Associated States.”

【CHAPTER III—MUTUAL SPECIAL WEAPONS PLANNING

【SEC. 301. AUTHORIZATION OF APPROPRIATION.—The Mutual Security Act of 1951, as amended, is amended by adding after section 541 the following new section:

【“SEC. 542. There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$100,000,000 for the purpose of furnishing special weapons to nations eligible to receive military assistance under this Act

or to the international organizations referred to in section 2 (b) (A) and 2 (b) (C) of this Act: *Provided*, That, prior to the obligation of funds for this purpose, the President shall determine that such obligation is of direct importance to the security interest of the United States and is in furtherance of the policies and purposes of the Mutual Defense Assistance Act of 1949, as amended: *And provided further*, That, prior to the transfer of such weapons, the President shall determine (1) that the recipient is adequately prepared to safeguard the security of such weapons; (2) that the transfer of such weapons will be of direct importance to the security interest of the United States; and (3) that such transfer will further the purposes and policies of the Mutual Defense Assistance Act of 1949, as amended. Nothing contained in this section shall alter, amend, revoke, repeal, or otherwise affect the provisions of any law restricting, limiting, or prohibiting the transfer of any such weapons. Notwithstanding any other provisions of this Act, funds made available pursuant to this section may be used only for the purpose of this section."

【CHAPTER IV—TECHNICAL ASSISTANCE

【SEC. 401. AUTHORIZATION OF APPROPRIATION.—The Mutual Security Act of 1951, as amended, is amended by adding after section 542 the following new section:

【"SEC. 543. There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$43,792,500 to carry out the provisions of section 203 (relating to economic and technical assistance for the Near East and Africa); \$72,100,000 to carry out the provisions of section 302 (a) (relating to defense support, economic and technical assistance) other than for the National Government of the Republic of China and the Associated States of Cambodia, Laos, and Vietnam; and \$24,342,000 to carry out the provisions of section 402 (relating to technical assistance for Latin America)."

【SEC. 402. AUTHORIZATION OF APPROPRIATION FOR BASIC MATERIALS.—Section 514 (relating to basic materials) of the Mutual Security Act of 1951, as amended, is amended by adding at the end thereof the following sentence: "There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$7,500,000 to carry out the provisions of this section."

【CHAPTER V—SPECIAL REGIONAL ECONOMIC ASSISTANCE

【SEC. 501. NEAR EAST AND AFRICA.—Section 206 (relating to refugees) of the Mutual Security Act of 1951, as amended, is amended to read as follows:

【"SEC. 206. In order to further the purpose of this Act in the Near East and Africa, there is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$194,000,000 to be used, on such terms and conditions as he may specify, to furnish special economic assistance designed to promote the economic development of the area, for relief and rehabilitation of refugees in the area, and for other types of economic assistance to assist in maintaining economic and political stability in the area. The applicable provisions of the Act for International Development (64 Stat. 204; 22 U. S. C. 1557), except the provisions relating to the purpose for which assistance may be given, or of section 503 (b) (3) of this Act, shall apply to the expenditure of funds pursuant to this section to the extent that they are not inconsistent with the purposes of this section."

【SEC. 502. INDIA AND PAKISTAN.—Section 302 (relating to economic and technical assistance for Asia and the Pacific) of the Mutual Security Act of 1951, as amended, is amended by redesignating subsection (b) as subsection (c), and by inserting after subsection (a) the following new subsection (b):

【"(b) In order to further the purpose of this Act in India and Pakistan, there is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$94,400,000 to be used, on such terms and conditions as he may specify, to furnish special economic assistance designed to promote the economic development of such countries, to assist in maintaining economic and political stability therein, and to enable the countries designated in this subsection to make greater progress toward solving their mutual problems in cooperation with each other. The applicable provisions of the Act for International Development, except the provisions relating to the purpose for which assistance may be given, or of section 503 (b) (3) of this Act, shall apply to the expenditure of funds pursuant to this section to the extent that they are not inconsistent with the purposes of this section."

[CHAPTER VI—MULTILATERAL ORGANIZATIONS

[SEC. 601. MOVEMENT OF MIGRANTS.—Section 534 (relating to the movement of migrants) of the Mutual Security Act of 1951, as amended, is amended by adding at the end thereof the following new sentence: "There is hereby authorized to be appropriated to the President not to exceed \$10,000,000 for contributions during the calendar year 1954 to the Intergovernmental Committee for European Migration."

[SEC. 602. MULTILATERAL TECHNICAL COOPERATION.—The Mutual Security Act of 1951, as amended, is amended by adding after section 543 the following new section:

["SEC. 544. There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$13,750,000 for multilateral technical cooperation under section 404 (b) of the Act for International Development."

[SEC. 603. CHILDREN'S WELFARE.—The Mutual Security Act of 1951, as amended, is amended by adding after section 544 the following new section:

["SEC. 545. There is hereby authorized to be appropriated to the President not to exceed \$9,000,000 for contributions during the calendar year 1954 for the support of international children's welfare work in such manner and on such terms and conditions as he may deem to be in the interests of the United States."

[SEC. 604. OCEAN FREIGHT ON RELIEF SHIPMENTS.—Section 535 (relating to the payment of ocean freight charges on voluntary relief shipments) of the Mutual Security Act of 1951, as amended, is amended by adding at the end thereof the following new sentence: "There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$1,825,000 for use in paying ocean freight charges under section 117 (c) of the Economic Cooperation Act of 1948, as amended."

[SEC. 605. UNITED NATIONS KOREAN RECONSTRUCTION AGENCY.—Section 303 (a) (relating to Korean relief) of the Mutual Security Act of 1951, as amended, is amended as follows:

[(a) Add at the end the following new sentence: "There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$71,000,000 for making contributions to the United Nations Korean Reconstruction Agency, or such other agency for relief and rehabilitation in Korea as the President may direct."

[(b) In the third sentence, strike out "\$67,500,000" and insert in lieu thereof "\$40,750,000".

[CHAPTER VII—FURTHER CHANGES IN EXISTING MUTUAL SECURITY LEGISLATION

[SEC. 701. TRANSFERS OF FUNDS.—(a) Section 101 (b) of the Mutual Security Act of 1951, as amended, is amended to read as follows:

["(b) Not to exceed 10 per centum of the total of the appropriations made available under this section may be transferred, when determined by the President to be necessary for the purpose of this Act, between appropriations made available under either paragraph of subsection (a): *Provided*, That whenever the President makes any such determination, he shall forthwith notify the Committee on Foreign Relations of the Senate, the Committee on Foreign Affairs of the House of Representatives, and the Committees on Armed Services of the Senate and of the House of Representatives."

[(b) Section 202 of such Act, as amended, is amended by striking out "(excluding balances of prior appropriations continued available) pursuant to section 201" and inserting in lieu thereof "under section 201".

[(c) The first sentence of section 513 (a) of such Act, as amended, is amended to read as follows: "Whenever the President determines it to be necessary for the purpose of this Act, funds made available under sections 101 (a) (1), 201, 301, and 401 may be transferred among such sections, except that not more than 10 per centum of the funds available under any such section may be transferred from that section; and funds made available under sections 101 (a) (2), 203, 302 (a), and 402 may be transferred among such sections, except that not more than 10 per centum of the funds available under any such section may be transferred from that section. Funds so transferred shall be consolidated with the funds available under the section to which they are transferred."

[SEC. 702. UNEXPENDED BALANCES.—The Mutual Security Act of 1951, as amended, is amended by adding after section 545 the following new section:

[“UNEXPENDED BALANCES

【“SEC. 546. The unexpended balance under each paragraph of title III, Mutual Security, of the Supplemental Appropriation Act, 1953, is hereby authorized to be continued available for its original purposes through June 30, 1954, and may be consolidated with the appropriate fiscal year 1954 appropriation made for the same general purpose under the authority of this Act.”

【SEC. 703. ESCAPEES.—Paragraph 101 (a) (1) of title I (relating to Europe) of the Mutual Security Act of 1951, as amended, is amended (1) by deleting the word “similarly” before the word “determined”, (2) by inserting “or any Communist-dominated or Communist-occupied areas of Asia” immediately after “Austria,” and before “and any other countries absorbed by the Soviet Union”, and (3) by striking out “and to the security of the United States” and inserting in lieu thereof “or to the security of the United States”.

【SEC. 704. MILITARY AID IN THE NEAR EAST AND AFRICA.—Section 202 of the Mutual Security Act of 1951, as amended, is amended by inserting “(a)” after “Sec. 202.”, and by adding at the end thereof the following new subsection:

【“(b) There is hereby authorized to be appropriated to the President for the fiscal year 1954 not to exceed \$50,000,000 to be available, whenever the President determines that such action is essential for the purpose of this Act, in order to provide assistance, pursuant to the provisions of the Mutual Defense Assistance Act of 1949, as amended, in the area of the Near East and Africa. Such assistance may be furnished to any organization created pursuant to a regional defense arrangement in the area, to any nation in the general area participating in such an arrangement, or to any other nation in the general area which the President determines to be of direct importance to the defense of the area and whose increased ability to defend itself the President determines to be important to the security of the United States (any such determination to be reported forthwith to the Committee on Foreign Relations of the Senate, the Committee on Foreign Affairs of the House of Representatives, and the Committees on Armed Services of the Senate and of the House of Representatives). No assistance shall be furnished under this subsection unless the recipient nation has agreed (1) that the equipment, materials, or services provided will be used solely to maintain its internal security, its legitimate self-defense, or to permit it to participate in the defense of the area, or in United Nations collective security arrangements and measures, and (2) that it will not undertake any act of aggression against any other nation.”

【SEC. 705. AUTHORITY FOR ASSISTANCE TO KOREA.—The first sentence of section 302 (a) (relating to economic aid and technical assistance) of the Mutual Security Act of 1951, as amended, is amended by striking out “(but not including the Republic of Korea)”.

【SEC. 706. Title V (relating to organization and general provisions) of the Mutual Security Act of 1951, as amended, is further amended as follows:

【(a) PERSONNEL CEILING EXEMPTION FOR NEW MILITARY ASSISTANCE PROGRAMS.—Amend section 504 (d) (relating to reduction in personnel) to read as follows:

【“(d) (1) Ninety days after the enactment of the Mutual Security Act of 1952, the number of civilian employees who are United States citizens, receiving compensation or allowances from the administrative expense appropriations authorized by this Act, employed in the United States and overseas by or assigned to the Mutual Security Agency, or employed by or assigned to the Department of State or the Department of Defense for carrying out programs the appropriations for which are authorized by this Act, and the military personnel assigned to such programs, shall be in the aggregate at least 5 per centum less than the number so employed or assigned on June 1, 1952, except for such personnel of the Department of Defense engaged in the manufacturing, repair, rehabilitation, packing, handling, crating, or delivery of materiel.

【“(2) One hundred twenty days after the enactment of the Mutual Security Act of 1953, the number of civilian employees who are United States citizens, receiving compensation or allowances from the administrative expense appropriations authorized by this Act, employed in the United States and overseas by or assigned to the Director for Mutual Security or the Mutual Security Agency or employed by or assigned to the Department of State or the Department of Defense and other participating agencies for carrying out programs the appropriations for which are authorized by this Act shall be in the aggregate at least 10 per centum less than the number so employed or assigned to comparable positions on January 31, 1953, except for such personnel of the Department of Defense engaged in the manufacturing, repair, rehabilitation, packing, handling, crating, or delivery of materiel.

["(3) After the Director has determined the reduction to be effected in each agency under paragraph (2), the determination as to which individual employee shall be retained shall be made by the head of the agency concerned.

["(4) The Director for Mutual Security shall cause studies to be made from time to time for the purpose of determining whether further reductions in personnel are feasible and consistent with the accomplishment of the purposes of this Act.

["(5) After July 1, 1953, the following categories of civilian employees and military personnel carrying out programs under the Mutual Defense Assistance Act of 1949, as amended, shall be in addition to the personnel ceiling established under paragraph (2) of this subsection:

["(A) Civilian employees and military personnel carrying out such programs in the Associated States of Cambodia, Laos, and Vietnam, over and above the number so engaged before July 1, 1953,

["(B) Civilian employees and military personnel carrying out such programs for any countries in which no such programs were in operation on July 1, 1953,

["(C) Civilian employees and military personnel carrying out such programs for international organizations and headquarters established after July 1, 1953."

["(b) SPECIAL USE OF FUNDS.—Amend section 513 (b) (relating to special use of funds) to read as follows:

["(B) Not more than \$100,000,000 of the funds made available under this Act, of which not more than \$20,000,000 may be allocated to any one country, may be used in any fiscal year by the President, to be expended, without regard to the requirements of this Act, or any other Act for which funds are authorized by this Act, in furtherance of the purposes of such Acts, when the President determines that such use is important to the security of the United States. The President shall notify the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives upon making any such determination."

["(c) GUARANTIES.—Amend section 520 (relating to investment guaranties) to read as follows:

["GUARANTIES

["SEC. 520. Funds realized from the sales of notes pursuant to section 111 (c) (2) of the Economic Cooperation Act of 1948, as amended, shall be available for making guaranties of investments in accordance with the applicable provisions of sections 111 (b) (3) and 111 (c) (2) of the Economic Cooperation Act of 1948, as amended, in any country with which the United States has agreed to institute the guaranty program, notwithstanding the provisions of section 511 of this Act."

["(d) TERMINATION OF PROGRAM.—Amend section 530 (relating to the expiration of the Mutual Security Program) by striking out "twelve months" and "twelve-month" wherever appearing therein and inserting in lieu thereof "twenty-four months" and "twenty-four-month", respectively, and by inserting before the period at the end of subsection (a) the following: "Provided, That such part of the equipment, materials, and services referred to above as is to be transferred to recipient countries under the Mutual Defense Assistance Act of 1949, as amended, or the Act of May 22, 1947, as amended, may be so transferred until June 30, 1957, and that part of the funds referred to above which is appropriated to carry out such Acts may be obligated for the purposes set forth above, and for liquidating operations under this proviso, until June 30, 1957: *Provided*, That guaranties authorized under section 111 (b) (3) of the Economic Cooperation Act of 1948, as amended, may be issued until June 30, 1957, out of any funds remaining available for that purpose".

["(e) UNDERDEVELOPED AREAS.—Add after section 546 the following new section:

["UNDERDEVELOPED AREAS

["SEC. 547. Whenever funds are made available under this Act for assistance, other than military assistance, to any economically underdeveloped area, such funds may be used under the applicable provisions of section 503 (b) (3) or the applicable provisions of the Act for International Development. Where administrative arrangements, including provisions relating to compensation and allowances of personnel, authorized under section 503 (b) (3), differ from those authorized by the Act for International Development, the Director may make use of arrangements authorized under either statute, in carrying out such programs, except that before extending the provisions of section 109 (a) of the Economic Cooperation Act of 1948, as amended, to countries in which programs authorized

under the Act for International Development are being carried out, the Director will secure the approval of the Secretary of State."

[(f) USE OF LOCAL CURRENCY.—

[(1) Strike out the next to the last sentence of section 521 (relating to administrative expenses).

[(2) Add after section 547 the following new section:

["UNITED STATES USE OF FOREIGN CURRENCY

["SEC. 548. (a) The several amounts otherwise authorized by this Act to be appropriated are authorized to be increased by amounts which shall not, in the aggregate, exceed \$98,396,000.

["(b) Amounts appropriated pursuant to any authorization contained in this Act are authorized to be made available for purchase of foreign currencies (including foreign currencies or credits owed to or owned by the United States): *Provided*, That such currencies or credits are authorized to be made available for use, without reimbursement to the Treasury, for liquidation of obligations legally incurred against such currencies prior to July 1, 1953."

[(g) NEAR EAST REFUGEES.—Add after section 548 the following new section:

["NEAR EAST REFUGEES

["SEC. 549. (a) In order to contribute to the peace and stability of the Near East in particular and of the world in general, the Director for Mutual Security shall, in consultation with the Secretary of State, make a survey of the refugee situation in the Near East and report the results of the survey to the Congress within one hundred fifty days after the Mutual Security Act of 1953 is enacted, together with recommendations for seeking a solution. In the making of such report and recommendations, especial consideration shall be given to a program which would utilize the services and talents of these refugees to develop and expand the resources of the area, including its water resources.

["(b) In carrying out his duties under this section, the Director for Mutual Security shall consult with the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives, and shall keep these committees constantly and fully informed of the action which he takes to carry out the provisions of this section."

[(h) USE OF SURPLUS AGRICULTURAL COMMODITIES.—Add after section 549 the following new section:

["USE OF SURPLUS AGRICULTURAL COMMODITIES

["SEC. 550. (a) Not less than \$100,000,000 and not more than \$250,000,000 of the funds authorized to be appropriated under this Act, shall be used, directly or indirectly, to finance the purchase of surplus agricultural commodities, or products thereof, produced in the United States.

["(b) The President is authorized to enter into agreements with friendly countries for the sale and export of such surplus agricultural commodities under conditions negotiated by him with such countries and to accept in payment therefor local currency for the account of the United States. In negotiating agreements for the sale of such commodities, the President shall—

["(1) take special precaution to safeguard against the substitution or displacement of usual marketings of the United States or friendly countries, and to assure to the maximum extent practicable that sales prices of such commodities are consistent with maximum world market prices of like commodities of similar quality, and to obtain the recommendations of the Secretary of Agriculture in carrying out the provisions of this subsection;

["(2) use private trade channels to the maximum extent practicable;

["(3) give appropriate emphasis to underdeveloped and new market areas;

["(4) obtain assurance that the purchasing countries will not resell or transship to other countries or use for other than domestic consumption commodities purchased under this program without specific approval by the President.

["(c) Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, the President shall use the proceeds of such sales for the purpose of this Act, giving particular regard to the following purposes—

["(1) for providing military assistance to countries or mutual defense organizations eligible to receive assistance under this Act;

["(2) for purchase of goods or services in friendly countries;

["(3) for loans, under applicable provisions of this Act, to increase production of goods or services, including strategic materials, needed in any country with which an agreement was negotiated, or in other friendly countries, with the authority to use currencies received in repayment for the purposes stated in this section or for deposit to the general account of the Treasury of the United States;

["(4) for developing new markets on a mutually beneficial basis;

["(5) for grants-in-aid to increase production for domestic needs in friendly countries;

["(6) for purchasing materials for United States stockpiles.

["(d) In carrying out the provisions of this section, the President shall take special precaution to safeguard against the displacement of foreign exchange earnings which would otherwise accrue to the United States or any friendly nations.

["(e) The President is authorized to enter into such agreements with third countries receiving goods accruing from the proceeds of sales made pursuant to this section as he deems necessary to effectuate the purpose of this Act."

[SEC. 707. The Mutual Defense Assistance Act of 1949, as amended (22 U. S. C. 1571-1604), is further amended as follows:

["(a) EXCESS EQUIPMENT.—Immediately before the period in the next to last sentence of section 403 (d) (relating to limitation on furnishing of excess equipment), insert a comma and the following: "and after June 30, 1953, by an additional \$200,000,000".

["(b) SALES OF MILITARY EQUIPMENT.—Strike out the word "The" where it appears at the beginning of section 403 (e) (1) (relating to sales of military equipment) and insert in lieu thereof the following: "Notwithstanding the provisions of section 530 (a) of the Mutual Security Act of 1951, as amended, the".

["(c) DEPENDABLE UNDERTAKING PROCEDURE.—Amend the last sentence of section 408 (e) (2) (relating to sales of military equipment) to read as follows: "Before a contract is entered into, or rehabilitation work is undertaken, such nation, or international military organization or headquarters, shall (A) provide the United States with a dependable undertaking to pay the full amount of such contract or the cost of such rehabilitation which will assure the United States against any loss on the contract, or rehabilitation work, and (B) shall make funds available in such amounts and at such times as may be necessary to meet the payments required by the contract or the rehabilitation work in advance of the time such payments are due, in addition to the estimated amount of any damages and costs that may accrue from the cancellation of such contract or rehabilitation work: *Provided*, That the total amount of outstanding contracts under this subsection, less the amounts which have been paid to the United States by such nations, shall at no time exceed \$700,000,000."

["(d) LOANS OF EQUIPMENT.—Amend section 411 (d) (containing definitions) to read as follows:

["(d) The term 'services' shall include any service, repair, training of personnel, or technical or other assistance or information necessary to effectuate the purposes of this Act, including loans of limited quantities of equipment for designated periods solely for test and study purposes."

[SEC. 708. The remaining provisions of the Economic Cooperation Act of 1948, as amended (22 U. S. C. 1503-1519), are further amended as follows:

["(a) TERM OF GUARANTIES.—Amend section 111 (b) (3) (relating to guaranties) by striking out "which guaranties shall terminate not later than fourteen years from the date of enactment of this Act", and by inserting in lieu thereof "which guaranties shall be limited to terms not exceeding twenty years from the date of issuance".

["(b) COUNTERPART LOANS.—Amend the last proviso of section 115 (b) (6) (relating to counterpart funds) to read as follows: "And provided further, That whenever funds from such special account are used by a country to make loans, all funds received in repayment of such loans prior to termination of assistance to such country shall be reused only for such purposes as shall have been agreed to between the country and the Government of the United States."

["(c) USE OF LOCAL CURRENCY.—Amend section 115 (h) by striking out "including" and inserting in lieu thereof the following: "and, without regard to section 1415 of the Supplemental Appropriations Act, 1953, for".

[SEC. 709. UNITED NATIONS TECHNICAL COOPERATION PROGRAMS.—Amend the last proviso in section 404 (b) of the Act for International Development by striking out the word "fiscal" and inserting in lieu thereof the word "calendar".

[SEC. 710. AMENDMENT AND REPEAL OF CERTAIN PROVISIONS.—(a) (1) Section 516 (a) of the Mutual Security Act of 1951, as amended, is amended to read as follows:

["(a) The Congress recognizes the vital role of free enterprise in achieving rising levels of production and standards of living essential to the economic progress and defensive strength of the free world. Accordingly, it is declared to be the policy of the United States, in furtherance of the objectives of this Act, to encourage the efforts of other free countries in fostering private initiative and competition, in discouraging monopolistic practices, in improving the technical efficiency of their industry, agriculture, and commerce, and in the strengthening of free labor unions; and to encourage American enterprise in contributing to the economic strength of other free countries through private investment abroad and the exchange of ideas and technical information on the matters covered by this subsection."]

[(2) Section 516 (b) of such Act, as amended, is amended by striking out the words "To accomplish the purpose of clause (1) of subsection (a) of this section, under" and inserting in lieu thereof the word "Under".]

[(b) Section 115 (k) of the Economic Cooperation Act of 1948, as amended, is repealed. Nothing in this subsection shall be construed to prevent the carrying out of any commitment or agreement entered into pursuant to such section 115 (k) prior to the date of enactment of this Act.]

SECTION 12 OF THE JOINT RESOLUTION OF NOVEMBER 4, 1939

(Neutrality Act of 1939)

[NATIONAL MUNITIONS CONTROL BOARD]

[SEC. 12. (a) There is hereby established a National Munitions Control Board (hereinafter referred to as the "Board"). The Board shall consist of the Secretary of State, who shall be chairman and executive officer of the Board, the Secretary of the Treasury, the Secretary of War, the Secretary of the Navy, and the Secretary of Commerce. Except as otherwise provided in this section, or by other law, the administration of this section is vested in the Secretary of State. The Secretary of State shall promulgate such rules and regulations with regard to the enforcement of this section as he may deem necessary to carry out its provisions. The Board shall be convened by the chairman and shall hold at least one meeting a year.

[(b) Every person who engages in the business of manufacturing, exporting, or importing any arms, ammunition, or implements of war listed in a proclamation referred to in or issued under the authority of subsection (i) of this section, whether as an exporter, importer, manufacturer, or dealer, shall register with the Secretary of State his name, or business name, principal place of business, and places of business in the United States, and a list of the arms, ammunition, and implements of war which he manufactures, imports, or exports.

[(c) Every person required to register under this section shall notify the Secretary of State of any change in the arms, ammunition, or implements of war which he exports, imports, or manufactures; and upon such notification the Secretary of State shall issue to such person an amended certificate of registration, free of charge, which shall remain valid until the date of expiration of the original certificate. Every person required to register under the provisions of this section shall pay a registration fee of \$100. Upon receipt of the required registration fee, the Secretary of State shall issue a registration certificate valid for five years, which shall be renewable for further periods of five years upon the payment for each renewal of a fee of \$100; but valid certificates of registration (including amended certificates) issued under the authority of section 2 of the joint resolution of August 31, 1935, or section 5 of the joint resolution of August 31, 1935, as amended, shall, without payment of any additional registration fee, be considered to be valid certificates of registration issued under this subsection, and shall remain valid for the same period as if this joint resolution had not been enacted.

[(d) It shall be unlawful for any person to export, or attempt to export, from the United States to any other state, any arms, ammunition, or implements of war listed in a proclamation referred to in or issued under the authority of subsection (i) of this section, or to import, or attempt to import, to the United States from any other state, any of the arms, ammunition, or implements of war listed in any such proclamation, without first having submitted to the Secretary of State the name of the purchaser and the terms of sale and having obtained a license therefor.

[(e) All persons required to register under this section shall maintain, subject to the inspection of the Secretary of State, or any person or persons designated

by him, such permanent records of manufacture for export, importation, and exportation of arms, ammunition, and implements of war as the Secretary of State shall prescribe.

[(f) Licenses shall be issued by the Secretary of State to persons who have registered as herein provided for, except in cases of export or import licenses where the export of arms, ammunition, or implements of war would be in violation of this joint resolution or any other law of the United States, or of a treaty to which the United States is a party, in which cases such licenses shall not be issued; but a valid license issued under the authority of section 2 of the joint resolution of August 31, 1935, or section 5 of the joint resolution of August 31, 1935, as amended, shall be considered to be a valid license issued under this subsection, and shall remain valid for the same period as if this joint resolution had not been enacted.

[(g) No purchase of arms, ammunition, or implements of war shall be made on behalf of the United States by any officer, executive department, or independent establishment of the Government from any person who shall have failed to register under the provisions of this joint resolution.

[(h) The Board shall make a report to Congress on January 3 and July 3 of each year, copies of which shall be distributed as are other reports transmitted to Congress. Such reports shall contain such information and data collected by the Board as may be considered of value in the determination of questions connected with the control of trade in arms, ammunition, and implements of war, including the name of the purchaser and the terms of sale made under any such license. The Board shall include in such reports a list of all persons required to register under the provisions of this joint resolution, and full information concerning the licenses issued hereunder, including the name of the purchaser and the terms of sale made under any such license. Any reports required by this section may be omitted or dispensed with in the discretion of the Secretary of State during the existence of a state of war.

[(i) The President is hereby authorized to proclaim upon recommendation of the Board from time to time a list of articles which shall be considered arms, ammunition, and implements of war for the purposes of this section; but the proclamation Numbered 2237, of May 1, 1937 (50 Stat. 1834), defining the term "arms, ammunition, and implements of war" shall, until it is revoked, have full force and effect as if issued under the authority of this subsection.]

SECTION 4 OF THE ACT OF MARCH 3, 1925

[SEC. 4. No helium gas shall be exported from the United States, or from its Territories and possessions, until after application has been made to the Secretary of State and a license authorizing said exportation has been obtained from him on the joint recommendation of all of the members of the National Munitions Control Board and the Secretary of the Interior: *Provided*, That under regulations governing exportation of helium approved by the National Munitions Control Board and the Secretary of the Interior, export shipments of quantities of helium that are not of military importance as defined in said regulations, and which do not exceed a maximum to be specified therein, may be made under license granted by the Secretary of State without such specific recommendation. Such regulations shall not permit accumulations of helium in quantities of military importance in any foreign country, nor the exportation of helium to countries named in proclamations of the President issued pursuant to section 1 (a) or (c) of the Neutrality Act of May 1, 1937 (Public Resolution Numbered 27 of the Seventy-fifth Congress) while such proclamations are in effect, and shall require exporters to submit a sworn statement to the Secretary of State showing the quantity, destination, consignee, and intended use of each proposed exportation.

[Any person violating any of the provisions of this section or of the regulations made pursuant hereto, shall be guilty of a misdemeanor and shall be punished by a fine of not more than \$5,000 or by imprisonment for not more than one year, or by both such fine and imprisonment; and the Federal courts of the United States are hereby granted jurisdiction to try and determine all questions arising under this section.

[The National Munitions Control Board shall include in its Annual Report to the Congress full information concerning the licenses issued hereunder, together with such information and data collected by the Board as may be considered of value in the determination of questions related to the exportation of helium gas.]

SECTION 968 OF TITLE 18 OF THE UNITED STATES CODE

[§ 968. Exportation of war materials to certain countries

【Whenever the President finds that in any American country, or in any country in which the United States exercises extraterritorial jurisdiction, conditions of domestic violence exist, which are or may be promoted by the use of arms or munitions of war procured from the United States, and makes proclamation thereof, it shall be unlawful to export, except under such limitations and exceptions as the President prescribes, any arms or munitions of war from any place in the United States, to such country until otherwise ordered by the President or by Congress.

【Whoever violates this section shall be fined not more than \$10,000 or imprisoned not more than two years, or both.】

TITLE X OF THE UNITED STATES INFORMATION AND EDUCATIONAL EXCHANGE ACT OF 1948, AS AMENDED

TITLE X—MISCELLANEOUS

LOYALTY CHECK ON PERSONNEL

SEC. 1001. No citizen or resident of the United States, whether or not now in the employ of the Government, may be employed or assigned to duties by the Government under this Act until such individual has been investigated by the Civil Service Commission and a report thereon has been made to the Secretary of State: *Provided, however*, That any present employee of the Government, pending the report as to such employee by the Civil Service Commission, may be employed or assigned to duties under this Act for the period of six months from the date of its enactment. This section shall not apply in the case of any officer appointed by the President by and with the advice and consent of the Senate.

DELEGATION OF AUTHORITY

SEC. 1002. The Secretary may delegate, to such officers of the Government as the Secretary determines to be appropriate, any of the powers conferred upon him by this Act to the extent that he finds such delegation to be in the interest of the purposes expressed in this Act and the efficient administration of the programs undertaken pursuant to this Act.

RESTRICTED INFORMATION

SEC. 1003. Nothing in this Act shall authorize the disclosure of any information or knowledge in any case in which such disclosure (1) is prohibited by any other law of the United States, or (2) is inconsistent with the security of the United States.

REPEAL OF ACT OF MAY 25, 1938, AS AMENDED

SEC. 1004. (a) The Act of May 25, 1938, entitled "An Act authorizing the temporary detail of United States employees, possessing special qualifications, to governments of American Republics and the Philippines, and for other purposes," as amended (52 Stat. 442; 53 Stat. 652), is hereby repealed.

(b) Existing Executive orders and regulations pertaining to the administration of such Act of May 25, 1938, as amended, shall remain in effect until superseded by regulations prescribed under the provisions of this Act.

(c) Any reference in the Foreign Service Act of 1946 (60 Stat. 999), or in any other law, to provisions of such Act of May 25, 1938, as amended, shall be construed to be applicable to the appropriate provisions of titles III and IX of this Act.

UTILIZATION OF PRIVATE AGENCIES

SEC. 1005. In carrying out the provisions of this Act it shall be the duty of the Secretary to utilize, to the maximum extent practicable, the services and facilities of private agencies, including existing American press, publishing, radio, motion picture, and other agencies, through contractual arrangements or otherwise. It is the intent of Congress that the Secretary shall encourage participation in carrying out the purposes of this Act by the maximum number of different private agencies in each field consistent with the present or potential market for their services in each country.

TERMINATION PURSUANT TO CONCURRENT RESOLUTION OF CONGRESS

SEC. 1006. The authority granted under this Act shall terminate whenever such termination is directed by concurrent resolution of the two Houses of the Congress.

VETERANS' PREFERENCE ACT

SEC. 1007. No provision of this Act shall be construed to modify or to repeal the provisions of the Veterans' Preference Act of 1944.

REPORTS TO CONGRESS

SEC. 1008. The Secretary shall submit to the Congress semiannual reports of expenditures made and activities carried on under authority of this Act, inclusive of appraisals and measurements, where feasible, as to the effectiveness of the several programs in each country where conducted.

REGULATORY PROVISIONS TO APPLY TO ALL INTERNATIONAL INFORMATION ACTIVITIES AND EDUCATIONAL EXCHANGES OF STATE DEPARTMENT

SEC. 1009. All provisions in this Act regulating the administration of international information activities and educational exchanges provided herein, shall apply to all such international activities under jurisdiction of the Department of State.

SEPARABILITY OF PROVISIONS

SEC. 1010. If any provision of this Act or the application of any such provision to any person or circumstance shall be held invalid, the validity of the remainder of the Act and the applicability of such provision to other persons or circumstances shall not be affected thereby.

INFORMATIONAL MEDIA GUARANTIES

SEC. 1011. *The Director of the United States Information Agency may make guaranties, in accordance with the provisions of subsection (b) of section 414 of the Mutual Security Act of 1954, of investments in enterprises producing or distributing informational media consistent with the national interests of the United States against funds heretofore made available by notes issued to the Secretary of the Treasury pursuant to section 111 (c) (2) of the Economic Cooperation Act of 1948, as amended, for purposes of guaranties of investments: Provided, however, That the amount of such guaranties in any fiscal year shall be determined by the President but shall not exceed \$10,000,000.*

SECTION 1 OF PUBLIC LAW 283, EIGHTY-FIRST CONGRESS

AN ACT Extending the Institute of Inter-American Affairs.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, [That the Institute of Inter-American Affairs, created by Public Law 369, Eightieth Congress, shall have—

[(a) succession until June 30, 1955; and

(b) authority, within the limits of funds appropriated or specific contract authorizations hereafter granted to it, to make contracts for periods not to exceed five years and not to extend beyond June 30, 1955, in any case.**]**

MUTUAL SECURITY ACT OF 1954

A BILL To promote the security and foreign policy of the United States by furnishing assistance to friendly nations, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Mutual Security Act of 1954".

TITLE I—MUTUAL DEFENSE ASSISTANCE

CHAPTER 1. MILITARY ASSISTANCE

SEC. 101. PURPOSE OF CHAPTER.—*The Congress of the United States reaffirms the policy of the United States to achieve international peace and security through the United Nations so that armed force shall not be used except in the common defense. The Congress hereby finds that the efforts of the United States and other nations to*

promote peace and security require additional measures of support based upon the principle of continuous and effective self-help and mutual aid. It is the purpose of this chapter to authorize measures in the common defense, including the furnishing of military assistance to friendly nations and international organizations in order to promote the foreign policy, security, and general welfare of the United States and to facilitate the effective participation of such nations in arrangements for individual and collective self-defense. In furnishing such military assistance, it remains the policy of the United States to continue to exert maximum efforts to achieve universal control of weapons of mass destruction and universal regulation and reduction of armaments, including armed forces, under adequate safeguards to protect complying nations against violation and evasion.

The Congress reaffirms its previous expressions favoring the creation by the free peoples of the Far East and the Pacific of a joint organization, consistent with the Charter of the United Nations, to establish a program of self-help and mutual cooperation designed to develop their economic and social well-being, to safeguard basic rights and liberties and to protect their security and independence.

SEC. 102. GENERAL AUTHORITY.—Military assistance may be furnished under this chapter on a grant or loan basis and upon such other appropriate terms as may be agreed upon, by the procurement from any source and the transfer to eligible nations and international organizations of equipment, materials, and services or by the provision of any service, including the assignment or detail of members of the Armed Forces and other personnel of the Department of Defense solely to assist in an advisory capacity or to perform other duties of a noncombatant nature, including military training or advice.

SEC. 103. AUTHORIZATIONS.—(a) There is hereby authorized to be appropriated to the President, in addition to appropriations authorized by sections 104 and 105, not to exceed \$1,430,300,000, to carry out the purpose of this chapter; and, in addition, unexpended balances of appropriations for military assistance under each paragraph of the Mutual Security Appropriation Act, 1954 (except the appropriation for mutual special weapons planning), are hereby authorized to be continued available for the purpose of this chapter and to be consolidated with the appropriation authorized by this subsection; all of which is hereby authorized to be continued available through June 30, 1955.

(b) Funds made available pursuant to subsection (a) of this section shall be available for the administrative and operating expenses of carrying out the purpose of this chapter including expenses incident to United States participation in international security organizations.

(c) Funds made available pursuant to subsection (a) of this section may be used for the procurement of equipment of materials outside the United States unless the President determines that such procurement will result in one or more of the following conditions:

(1) Adverse effects upon the economy of the United States, with special reference to any areas of labor surplus, or upon the industrial mobilization base, which outweigh the strategic and logistic advantages to the United States of procurement abroad;

(2) Production of such equipment or materials outside the United States under inadequate safeguards against sabotage or the release to potential enemies of information detrimental to the security of the United States;

(3) Unjustifiable cost in comparison with procurement in the United States, taking into account transportation costs for delivery overseas; and

(4) Delays in delivery incompatible with United States defense objectives.

SEC. 104. INFRASTRUCTURE.—(a) The President is authorized to make contributions to infrastructure programs of the North Atlantic Treaty Organization, in accordance with agreements already made between the member nations, out of funds made available pursuant to this section, or section 103, or chapter IX of the Supplemental Appropriation Act, 1953, of amounts totaling not more than \$780,000,000, less amounts already contributed for such purpose. There is hereby authorized to be appropriated to the President for such purpose, in installments prior to June 30, 1958, not to exceed \$321,000,000, to remain available until expended. Such contributions by the United States shall not exceed its proportionate share, as heretofore agreed upon, of the expenses of such programs.

(b) When the President determines that it is in the interest of the security of the United States to participate in programs for the acquisition or construction of facilities in foreign nations for collective defense other than programs of the North Atlantic Treaty Organization, he may use for such purpose funds made available under section 103 or local currencies made available under section 402 in amounts totaling not more than \$50,000,000.

(c) Notwithstanding section 501 of this Act, no funds other than those referred to in subsections (a) and (b) of this section may be expended for the purposes of this section. No funds shall be expended under this section for rental or purchase of land or for payment of taxes.

SEC. 105. DEVELOPMENT OF WEAPONS OF ADVANCED DESIGN.—There is hereby authorized to be appropriated to the President not to exceed \$27,000,000, to remain available until expended, for the purpose of encouraging and expediting the development of weapons of advanced design by nations or international organizations eligible to receive military assistance under this chapter. Notwithstanding any other provision of this Act, funds made available pursuant to this section may be used only for the purpose of this section. In addition, the unexpended balance of the prior appropriation made pursuant to section 542 of the Mutual Security Act of 1951, as amended, is authorized to be continued available for the purpose of this section until expended and to be consolidated with the appropriation authorized by this section.

SEC. 106. CONDITIONS APPLICABLE TO MILITARY ASSISTANCE.—(a) Military assistance may be furnished under this chapter to any nation whose increased ability to defend itself the President shall have determined to be important to the security of the United States and which is otherwise eligible to receive such assistance. Equipment and materials furnished under this chapter shall be made available solely to maintain the internal security and legitimate self-defense of the recipient nation, or to permit it to participate in the defense of its area or in collective security arrangements and measures consistent with the Charter of the United Nations. The President shall be satisfied that such equipment and materials will not be used to undertake any act of aggression against any nation.

(b) In addition to the authority and limitations contained in the preceding subsection, the following provisions shall apply to particular areas:

(1) In order to promote an integrated defense of the North Atlantic area and to support concrete measures for political federation, military integration, and economic unification in Europe, equipment and materials of the value programed for fiscal years 1954 and 1955 for nations signing the treaty constituting the European Defense Community shall, pending the coming into force of the treaty, be delivered only to such of these nations as have ratified the treaty, and have joined together in or are developing collective defense programs in a manner satisfactory to the United States as determined by the President.

(2) Military assistance furnished to any nation in the Near East, Africa, and South Asia to permit it to participate in the defense of its area shall be furnished only in accordance with plans and arrangements which shall have been found by the President to require the recipient nation to take an important part therein.

(3) In furnishing military assistance in the Far East and the Pacific and in carrying out the provisions of section 121 of this Act, the President shall give the fullest assistance to the free peoples in that area, in their creation of a joint organization, consistent with the Charter of the United Nations, to establish a program of self-help and mutual cooperation designed to develop their economic and social well-being, to safeguard basic rights and liberties, and to protect their security and independence.

(4) Military assistance may be furnished to the other American Republics only in accordance with defense plans which shall have been found by the President to require the recipient nation to participate in missions important to the defense of the Western Hemisphere.

(c) The Secretary of Defense shall insure that the value (as determined pursuant to section 545) of equipment, materials, and services heretofore furnished under military assistance programs authorized by Acts repealed by this Act or hereafter furnished pursuant to section 103 (a) to nations or organizations in each of the four areas named in this subsection shall not exceed the total of the funds heretofore made available for military assistance in that area pursuant to Acts repealed by this Act plus the amount herein specified for that area:

(1) In the European area (excluding Greece and Turkey), \$617,500,000.

(2) In the Near East, Africa, and South Asia, \$181,200,000.

(3) In the Far East and the Pacific, \$583,600,000.

(4) In the Western Hemisphere, \$13,000,000.

(d) Whenever the President determines it to be necessary for the purpose of this title, equipment, materials, and services of a value not to exceed 10 per centum of the sum of (1) that portion of the unexpended balances referred to in section 103 (a) which was available on June 30, 1954, to furnish assistance in any of the areas named in subsection (c) of this section, and (2) the amount specified in the applicable paragraph of subsection (c) of this section for additional assistance in such area, may be furnished in any other such area or areas, notwithstanding the limitations set forth in subsection (c) of this section. Funds heretofore obligated or programed or hereafter made available solely for the purpose of section 104 (pertaining to infrastructure) or section

105 (pertaining to the development of weapons of advanced design) shall not be included in the total fixed for each such area. Funds heretofore appropriated for military assistance in a particular geographic area but transferred from such use under section 513 of the Mutual Security Act of 1951, as amended, or under section 408 (c) of the Mutual Defense Assistance Act, shall be included in the total for the area for the benefit of which such transfer was made, and not in the total for the area from which the transfer was made.

SEC. 107. SALE OF MILITARY EQUIPMENT, MATERIALS, AND SERVICES.—(a) The President may, in order to carry out the purpose of this chapter, sell or enter into contracts (without requirement for charge to any appropriation or contract authorization) for the procurement for sale of equipment, materials, or services to any nation or international organization: *Provided*, That prior to the transfer of any such equipment, materials, or services to any nation which has not signed an agreement under section 142 of this Act or joined with the United States in a regional collective defense arrangement, the President shall have received commitments satisfactory to him that such equipment, material, or services are required for and will be used by such nation solely to maintain its internal security, its legitimate self-defense, or to permit it to participate in the defense of the area of which it is a part, or in collective security arrangements and measures consistent with the Charter of the United Nations, and that it will not undertake any act of aggression against any other state.

(b) Whenever equipment or materials are sold from the stocks of or services are rendered by any United States Government agency to any nation or international organization as provided in subsection (a), such nation or international organization shall first make available the fair value, as determined by the President, of such equipment, materials, or services before delivery or, when the President determines it to be in the best interests of the United States, within sixty days thereafter or, as determined by the President, within a reasonable period not to exceed three years. The fair value for the purpose of this subsection shall not be less than the value as defined in subsection (h) of section 545: *Provided*, That with respect to excess equipment or materials the fair value may not be determined to be less than (i) the minimum value specified in that subsection plus the scrap value, or (ii) the market value, if ascertainable, whichever is the greater. Before a contract for new production is entered into, or rehabilitation work is undertaken, such nation or international organization shall (A) provide the United States with a dependable undertaking to pay the full amount of such contract or the cost of such rehabilitation which will assure the United States against any loss on the contract or rehabilitation work, and (B) shall make funds available in such amounts and at such times as may be necessary to meet the payments required by the contract or the rehabilitation work in advance of the time such payments are due, in addition to the estimated amount of any damages and costs that may accrue from the cancellation of such contract or rehabilitation work.

(c) Sections 106, 141, and 142 shall not apply with respect to assistance furnished under this section.

SEC. 108. WAIVERS OF LAW.—(a) The President may perform any of the functions authorized under this chapter without regard to (1) the provisions of title 10, United States Code, section 1262 (a), and title 34, United States Code, section 546 (e); and (2) such provisions as he may specify of the joint resolution of November 4, 1939 (54 Stat. 4), as amended.

(b) Notwithstanding the provisions of Revised Statutes 1222 (10 U. S. C. 576), personnel of the Department of Defense may be assigned or detailed to any civil office for the purpose of enabling the President to furnish assistance under this Act.

SEC. 109. TRANSFER OF MILITARY EQUIPMENT TO JAPAN.—In addition to any program of military assistance for which funds may be appropriated pursuant to this Act, the President is hereby authorized to transfer to the Government of Japan, until June 30, 1955, upon such terms and conditions as he may specify, and upon its request, United States military equipment and supplies programed for Japan to meet its internal security requirements for which Department of Defense appropriations were obligated prior to July 1, 1953. No appropriation shall be requested to replace the military equipment and supplies so transferred, and no funds heretofore or hereafter appropriated for the purpose of this chapter shall be available for reimbursement to any United States Government agency on account of any transfer made pursuant to this section.

CHAPTER 2—SOUTHEAST ASIA AND THE WESTERN PACIFIC, AND DIRECT FORCES SUPPORT

SEC. 121. SOUTHEAST ASIA AND THE WESTERN PACIFIC.—There is hereby authorized to be appropriated to the President for the fiscal year 1955, to be made

available on such terms and conditions, including transfer of funds, as he may specify, not to exceed \$800,000,000 for expenses necessary for the support of the forces of the Associated States of Cambodia, Laos, and Vietnam and the forces of France located in such Associated States and for other expenditures to accomplish in Southeast Asia and the Western Pacific the policies and purposes declared in this Act. In addition, the unexpended balances of funds allocated from appropriations made pursuant to sections 304 and 540 of the Mutual Security Act of 1951, as amended, for the purpose of support of the forces of the Associated States of Cambodia, Laos, and Vietnam and the forces of France located in the Associated States, are hereby authorized to be continued available for the purpose of this section through June 30, 1955, and to be consolidated with the appropriation authorized by this section.

SEC. 122. PRODUCTION FOR FORCES SUPPORT.—There is hereby authorized to be appropriated to the President for the fiscal year 1955, to be made available on such terms and conditions, including transfer of funds, as he may specify, not to exceed \$75,000,000 for manufacture in the United Kingdom of military aircraft required by United Kingdom forces for the defense of the North Atlantic area. In addition, unexpended balances of appropriations made pursuant to section 102 of the Mutual Security Act of 1951, as amended, are hereby authorized to be continued available for their original purposes through June 30, 1955, and the unexpended balance of the appropriation made pursuant to the second clause of that section is authorized to be consolidated with the appropriation authorized by this section.

SEC. 123. COMMON USE ITEMS.—There is hereby authorized to be appropriated to the President for the fiscal year 1955 not to exceed \$70,000,000 for the provision of any common-use equipment, materials, commodities, or services which are to be used by military forces of nations receiving assistance under chapter 1 of this title. Programs authorized by this section shall be administered in accordance with the provisions of chapter 1 or chapter 3 of this title.

CHAPTER 3—DEFENSE SUPPORT

SEC. 131. GENERAL AUTHORITY.—(a) The President is hereby authorized to furnish, to nations and organizations eligible to receive military assistance under chapter 1 of this title, commodities, services, and financial and other assistance designed to sustain and increase military effort. In furnishing such assistance, the President may provide for the procurement and transfer from any source of any commodity or service (including processing, storing, transporting, marine insurance, and repairing) or any technical information and assistance.

(b) There is hereby authorized to be appropriated to the President for the fiscal year 1955 to carry out the provisions of this section, not to exceed—

(1) \$45,000,000 for Europe (excluding Greece and Turkey);

(2) \$81,850,000 for the Near East (including Greece and Turkey), Africa, and South Asia; and

(3) \$96,430,000 for the Far East and the Pacific.

In addition, unexpended balances of appropriations heretofore made pursuant to section 541 of the Mutual Security Act of 1951, as amended, are hereby authorized to be continued available for the purpose of this subsection through June 30, 1955, and to be consolidated with the appropriation authorized for the same area by this subsection: Provided, That portions of such unexpended balances which have been allocated to assistance for Greece and Turkey shall be consolidated with the appropriation authorized by paragraph (2) of this subsection.

SEC. 132. KOREAN PROGRAM.—(a) There is hereby authorized to be appropriated to the President for the fiscal year 1955 not to exceed \$230,000,000 to be expended, upon terms and conditions specified by the President, for defense support, relief and rehabilitation, and other necessary assistance (including payment of ocean freight charges on shipments for relief and rehabilitation, without regard to section 409 of this Act) in those parts of Korea which the President shall have determined to be not under Communist control. In addition, unexpended balances of funds heretofore allocated for the purpose of relief and rehabilitation in Korea pursuant to the paragraph entitled "Relief and Rehabilitation in Korea", chapter VII, Supplemental Appropriation Act, 1954, and unobligated balances of the appropriation for "Civilian Relief in Korea," title III, Department of Defense Appropriation Act, 1954, are hereby authorized to be continued available for the purposes of this subsection through June 30, 1955, and to be consolidated with the appropriation authorized by this subsection.

(b) (1) Notwithstanding the provisions of any other law, the President is authorized, at any time prior to twenty-four months from the date of enactment of this Act, to transfer to the Republic of Korea, by sale or charter and on such terms and conditions as he may specify, title to not more than eight CI-M-AVI vessels. Any agency of the

United States Government owning or operating such vessels is authorized to make such vessels available for the purpose of this subsection. Funds made available pursuant to subsection (a) of this section shall be available for the purpose of this subsection.

(2) Such transfers shall be made at prices determined under section 3 of the Merchant Ship Sales Act of 1946 (50 U. S. C., App. 1736): Provided, That such vessels shall be placed in class in accordance with minimum requirements of the American Bureau of Shipping by the owning or operating agency, and the expense of placing in class shall be reimbursed to such agency.

(c) There is hereby authorized to be appropriated for the fiscal year 1955 not to exceed \$11,300,000 for making contributions to the United Nations Korean Reconstruction Agency or expenditure through such other agency for relief and rehabilitation in Korea as the President may direct. In addition, the unexpended balance of the appropriation made pursuant to the last sentence of section 303 (a) of the Mutual Security Act of 1951, as amended, is hereby authorized to be continued available for the purpose of this subsection through June 30, 1955, and to be consolidated with the appropriation authorized by this subsection. Sections 141 and 142 of this Act shall not apply with respect to assistance furnished under this subsection.

(d) To the extent necessary to accomplish the purposes of this section (1) assistance may be furnished under this section without regard to the other provisions of this chapter and (2) the authority provided in section 306 may be exercised in furnishing assistance under subsection (a) of this section.

SEC. 133. TERMS OF ASSISTANCE.—Assistance under this chapter may be furnished on a grant basis or on such terms, including cash, credit, or other terms of repayment, as may be determined to be best suited to the achievement of the purposes of this Act.

CHAPTER 4—GENERAL PROVISIONS RELATING TO MUTUAL DEFENSE ASSISTANCE

SEC. 141. CONDITIONS OF ELIGIBILITY FOR ASSISTANCE.—No assistance shall be furnished under this title to any nation or organization unless the President shall have found that furnishing such assistance will strengthen the security of the United States and promote world peace. No such assistance shall be furnished to a nation unless it shall have agreed to the provisions required by section 142, and such additional provisions as the President deems necessary to effectuate the policies and provisions of this title and to safeguard the interests of the United States.

▼ SEC. 142. AGREEMENTS.—No assistance shall be furnished to any nation under this title unless such nation shall have agreed to—

(1) join in promoting international understanding and good will, and maintaining world peace;

(2) take such action as may be mutually agreed upon to eliminate causes of international tension;

(3) fulfill the military obligations, if any, which it has assumed under multilateral or bilateral agreements or treaties to which the United States is a party;

(4) make, consistent with its political and economic stability, the full contribution permitted by its manpower, resources, facilities, and general economic condition to the development and maintenance of its own defensive strength and the defensive strength of the free world;

(5) take all reasonable measures which may be needed to develop its defense capacities;

(6) take appropriate steps to insure the effective utilization of the assistance furnished under this title in furtherance of the policies and purposes of this title;

(7) impose appropriate restrictions against transfer of title to or possession of any equipment and materials, information, or services furnished under chapter 1 of this title, without the consent of the President;

(8) maintain the security of any article, service, or information furnished under chapter 1 of this title;

(9) furnish equipment and materials, services, or other assistance consistent with the Charter of the United Nations, to the United States or to and among other nations to further the policies and purpose of chapter 1 of this title;

(10) permit continuous observation and review by United States representatives of programs of assistance authorized under this title, including the utilization of any such assistance, or provide the United States with full and complete information with respect to these matters, as the President may require; and

(11) in cases where any commodity is furnished on a grant basis under any provision of this Act other than chapter 1 of title I under arrangements which will result in the accrual of proceeds to the recipient nation from the import or sale thereof, establish a Special Account, and—

(i) deposit in the Special Account, under such terms and conditions as may be agreed upon, currency of the recipient nation in amounts equal to such proceeds;

(ii) allocate to the use of the United States Government not less than 10 per centum of the amounts deposited in the Special Account; and

(iii) utilize the remainder of the Special Account for programs agreed to by the United States to carry out the purposes for which new funds authorized by this Act would themselves be available.

Any unencumbered balances of funds deposited in the Special Account after the effective date of this Act which remain in the Account upon termination of assistance to such nation under this title shall be disposed of in such manner as may be authorized by Act or joint resolution of the Congress.

TITLE II—DEVELOPMENT ASSISTANCE

SEC. 201. AUTHORIZATION.—(a) There is hereby authorized to be appropriated to the President for the fiscal year 1955, not to exceed—

(1) \$130,000,000 for assistance designed to promote the economic development of the Near East and Africa, and for other types of assistance designed to help maintain economic and political stability in the area;

(2) \$85,000,000 for assistance designed to promote the economic development of South Asia and to assist in maintaining economic and political stability in the area; and

(3) \$9,000,000 for assistance designed to promote economic development in the other American Republics and non-self-governing territories of the Western Hemisphere.

Such assistance may be furnished on such terms and conditions as the President may specify, except that not less than 50 per centum of the assistance furnished under each paragraph of this subsection shall be furnished on terms of repayment in accordance with section 505.

(b) In addition, unexpended balances of appropriations heretofore made pursuant to sections 206 and 302 (b) of the Mutual Security Act of 1951, as amended, and unexpended balances of funds allocated to the emergency economic aid program for Bolivia are hereby authorized to be continued available for the purposes of this section through June 30, 1955, and to be consolidated with the appropriations authorized by paragraphs (1), (2), and (3) of subsection (a) of this section, respectively.

SEC. 202. ADMINISTRATION.—Except as necessary to accomplish the purposes of section 201, programs of assistance authorized by that section shall be administered in accordance with sections 301, 302, and 307.

TITLE III—TECHNICAL COOPERATION

SEC. 301. GENERAL AUTHORITY AND DEFINITION.—It is the purpose of this title to assist the efforts of the peoples of economically underdeveloped areas to achieve economic progress by authorizing measures designed to increase technical knowledge and skills and the flow of investment capital. The President is authorized to furnish assistance in accordance with the provisions of this title through bilateral technical cooperation programs. As used in this title, the term "technical cooperation programs" means programs for the international interchange of technical knowledge and skills designed to contribute primarily to the balanced and integrated development of the economic resources and productive capacities of economically underdeveloped areas. Such activities shall be limited to economic, engineering, medical, educational, agricultural, forestry, fishery, mineral, and fiscal surveys, demonstration, training, and similar projects that serve the purpose of promoting the development of economic resources, productive capacities, and trade of economically underdeveloped areas, and training in public administration. The term "technical cooperation programs" does not include such activities authorized by the United States Information and Educational Exchange Act of 1948 (62 Stat. 6) as are not primarily related to economic development, nor activities undertaken now or hereafter pursuant to the International Aviation Facilities Act (62 Stat. 450), nor activities undertaken now or hereafter in the administration of areas occupied by the United States Armed Forces.

SEC. 302. PREREQUISITES TO ASSISTANCE.—Assistance shall be made available under section 301 of this Act only where the President determines that the nation being assisted—

(a) pays a fair share of the cost of the program;

(b) provides all necessary information concerning such program and gives the program full publicity;

(c) seeks to the maximum extent possible full coordination and integration of technical cooperation programs being carried on in that nation;

- (d) endeavors to make effective use of the results of the program; and
- (e) cooperates with other nations participating in the program in the mutual exchange of technical knowledge and skills.

SEC. 303. *AUTHORIZATION.*—There is hereby authorized to be appropriated to the President for the fiscal year 1955 \$112,070,000 for technical cooperation programs in the Near East, Africa, South Asia, Far East and Pacific, and Latin America. In addition, unexpended balances of appropriations heretofore made pursuant to section 543 of the Mutual Security Act of 1951, as amended, are authorized to be continued available for the purposes of this section through June 30, 1955, and to be consolidated with the appropriation authorized by this section.

SEC. 304. *Limitations on Use of Funds.*—Funds made available under section 303 may be expended to furnish assistance in the form of equipment or commodities only where necessary for instruction or demonstration purposes.

SEC. 305. *MULTILATERAL TECHNICAL COOPERATION.*—As one means of accomplishing the purposes of this title, the United States is authorized to participate in multilateral technical cooperation programs carried on by the United Nations, the Organization of American States, their related organizations, and other international organizations, wherever practicable. There is hereby authorized to be appropriated to carry out the purpose of this section, in addition to the amounts authorized by section 303, not to exceed—

(a) \$17,958,000 for making contributions to the United Nations Expanded Program of Technical Assistance;

(b) \$1,500,000 for making contributions to the technical cooperation program of the Organization of American States.

SEC. 306. *ADVANCES AND GRANTS; CONTRACTS.*—The President may make advances and grants-in-aid of technical cooperation programs to any person, corporation, or other body of persons or to any foreign government agency. The President may make and perform contracts and agreements in respect of technical cooperation programs on behalf of the United States Government with any person, corporation, or other body of persons however designated, whether within or without the United States, or with any foreign government or foreign government agency. A contract or agreement which entails commitments for the expenditure of funds appropriated pursuant to this title may, subject to any future action of the Congress, run for not to exceed three years.

SEC. 307. *INTERNATIONAL DEVELOPMENT ADVISORY BOARD.*—There shall be an advisory board, referred to in this section as the "Board", which shall advise and consult with the President, or such other officer as he may designate to administer this title, with respect to general or basic policy matters arising in connection with the operation of programs authorized by this title, title II, and section 414 (b). The Board shall consist of not more than thirteen members appointed by the President, one of whom, by and with the advice and consent of the Senate, shall be appointed by him as chairman. The members of the Board shall be broadly representative of voluntary agencies and other groups interested in the programs, including business, labor, agriculture, public health, and education. All members of the Board shall be citizens of the United States; none except the chairman shall be an officer or an employee of the United States (including any United States Government agency) who as such regularly receives compensation for current services. Members of the Board, other than the chairman if he is an officer of the United States Government, shall shall receive out of funds made available for the purpose of this title a per diem allowance of \$50 for each day spent away from their homes or regular places of business for the purpose of attendance at meetings of the Board or at conferences held upon the call of the chairman, and in necessary travel, and while so engaged they may be paid actual travel expenses and not to exceed \$10 per diem in lieu of subsistence and other expenses.

SEC. 308. *JOINT COMMISSION ON RURAL RECONSTRUCTION IN CHINA.*—The President is authorized to continue to participate in the Joint Commission on Rural Reconstruction in China and to appoint citizens of the United States to the Commission.

TITLE IV—OTHER PROGRAMS

SEC. 401. *SPECIAL FUND.*—Of the funds made available under this Act, not to exceed \$150,000,000 may be expended, without regard to the requirements of this Act or any other Act for which funds are authorized by this Act, in furtherance of any of the purposes of such Acts, when the President determines that such use is important to the security of the United States. Not to exceed \$100,000,000 of the funds available under this section may be expended for any selected persons who are residing in or escapees from the Soviet Union, Poland, Czechoslovakia, Hungary, Rumania, Bulgaria, Albania, Lithuania, Latvia, and Estonia or the Communist-

dominated or Communist-occupied areas of Germany and Austria, or any Communist-dominated or Communist-occupied areas of Asia and any other countries absorbed by the Soviet Union, either to form such persons into elements of the military forces supporting the North Atlantic Treaty Organization or for other purposes, when the President determines that such assistance will contribute to the defense of the North Atlantic area or to the security of the United States. Certification by the President of amounts expended under this section up to a total of \$50,000,000, and that it is inadvisable to specify the nature of such expenditures, shall be deemed a sufficient voucher for such amounts. Not more than \$20,000,000 of the funds available under this section may be allocated to any one nation.

SEC. 402. EARMARKING OF FUNDS.—(a) Of the funds made available pursuant to this Act, not less than \$500,000,000 shall be used to finance the purchase of surplus agricultural commodities, or products thereof, produced in the United States, pursuant to title I of the Agricultural Trade Development and Assistance Act of 1954.

(b) The authority for this section shall not be in addition to the authorization provided for title I of the Agricultural Trade Development and Assistance Act of 1954.

SEC. 403. SPECIAL ASSISTANCE IN JOINT CONTROL AREAS.—The President is hereby authorized to furnish commodities, services, and financial and other assistance to nations and areas for which the United States has responsibility as a result of participation in joint control arrangements where found by the President to be in the interest of the security of the United States. There is hereby authorized to be appropriated to the President for the fiscal year 1955 not to exceed \$25,000,000 to carry out this section.

SEC. 404. RESPONSIBILITIES IN GERMANY.—Upon approval by the Secretary of State, a part of the German currency now or hereafter deposited under the bilateral agreement of December 15, 1949, between the United States and the Federal Republic of Germany (or any supplementary or succeeding agreement) shall be deposited in the GARIOA (Government and Relief in Occupied Areas) Special Account under the terms of article V of that agreement, and currency which has been or may be deposited in said account, and any portion of funds made available for assistance to the Federal Republic of Germany pursuant to section 403 of this Act, may be used for expenses necessary to meet the responsibilities or objectives of the United States in Germany, including responsibilities arising under the supreme authority assumed by the United States on June 5, 1945, and under contractual arrangements with the Federal Republic of Germany. Expenditures may be made under authority of this section in amounts and under conditions determined by the Secretary of State after consultation with the official primarily responsible for administration of programs under chapter 3 of title I, and without regard to any provision of law which the President determines must be disregarded in order to meet such responsibilities or objectives.

SEC. 405. MOVEMENT OF MIGRANTS AND REFUGEES.—(a) For the purpose of assisting in the movement of migrants, there is hereby authorized to be appropriated not to exceed \$11,700,000 for contributions during the calendar year 1955 to the Intergovernmental Committee for European Migration, and thereafter such amounts as may be necessary from time to time for the payment by the United States of its contributions to the Committee and all necessary salaries and expenses incident to United States participation in the Committee. In addition, the unexpended balance of the appropriation made pursuant to section 534 of the Mutual Security Act of 1951, as amended, is hereby authorized to be continued available for the purpose of this section through June 30, 1955, and to be consolidated with the appropriation authorized in this section.

(b) Of the funds made available under this Act, not more than \$800,000 may be used by the President to facilitate the migration to the other American Republics of persons resident in that portion of the Ryukyu Island Archipelago under United States control.

(c) There is hereby authorized to be appropriated for the fiscal year 1955 not to exceed \$500,000 for contributions to the United Nations Refugee Emergency Fund.

SEC. 406. CHILDREN'S WELFARE.—There is hereby authorized to be appropriated not to exceed \$13,500,000 for contributions during the fiscal year 1955 to the United Nations Children's Fund.

SEC. 407. PALESTINE REFUGEES IN THE NEAR EAST.—There is hereby authorized to be appropriated to the President for the fiscal year 1955, not to exceed \$30,000,000, to be used to make contributions to the United Nations Relief and Works Agency for Palestine Refugees in the Near East. In addition, the unexpended balance of the appropriation made for the Palestine refugee program in the Mutual Security Appropriation Act, 1954, is hereby authorized to be continued available for the purpose of this section through June 30, 1955: Provided, That whenever the President shall determine that it would more effectively contribute to the relief, rehabilitation, and re-

settlement of Palestine refugees in the Near East, he may expend any part of such unexpended balance through any other agency he may designate.

SEC. 408. NORTH ATLANTIC TREATY ORGANIZATION.—(a) In order to provide for the United States participation in the North Atlantic Treaty Organization, there is hereby authorized to be appropriated for the fiscal year 1955 not to exceed \$3,200,000 for payment by the United States of its share of the expenses of the Organization.

(b) The United States permanent representative to the North Atlantic Treaty Organization shall be appointed by the President by and with the advice and consent of the Senate and shall hold office at the pleasure of the President. Such representative shall have the rank and status of ambassador extraordinary and plenipotentiary and shall be a chief of mission, class 1, within the meaning of the Foreign Service Act of 1946, as amended (22 U. S. C. 801).

(c) Persons detailed to the international staff of the North Atlantic Treaty Organization in accordance with section 529 of this Act who are appointed as Foreign Service Reserve officers may serve for periods of more than four years notwithstanding the limitation in section 522 of the Foreign Service Act of 1946, as amended (22 U. S. C. 922).

SEC. 409. OCEAN FREIGHT CHARGES.—(a) In order to further the efficient use of United States voluntary contributions for relief and rehabilitation in nations eligible for assistance under this Act, the President may pay ocean freight charges from United States ports to designated ports of entry of such nations on shipments by United States voluntary nonprofit relief agencies registered with and approved by the Advisory Committee on Voluntary Foreign Aid and shipments by the American Red Cross.

(b) Where practicable the President shall make arrangements with the receiving nation for free entry of such shipments and for the making available by that nation of local currencies for the purpose of defraying the transportation cost of such shipments from the port of entry of the receiving nation to the designated shipping point of the consignee.

(c) There is hereby authorized to be appropriated to the President for the fiscal year 1955 not to exceed \$4,400,000 to carry out the purposes of this section; and, in addition, unexpended balances of appropriations heretofore made pursuant to section 535 of the Mutual Security Act of 1951, as amended, are authorized to be continued available for the purposes of this section through June 30, 1955, and to be consolidated with the appropriation authorized in this section.

(d) In addition, any funds made available under this Act may be used, in amounts determined by the President, to pay ocean freight charges on shipments of surplus agricultural commodities, including commodities made available pursuant to any Act for the disposal abroad of United States agricultural surpluses.

SEC. 410. CONTROL ACT EXPENSES.—There is hereby authorized to be appropriated to the President for the fiscal year 1955 not to exceed \$1,300,000 for carrying out the objectives of the Mutual Defense Assistance Control Act of 1951 (22 U. S. C. 1611). In addition, in accordance with section 303 of that Act, funds made available for carrying out chapter 1 of title I of this Act shall be available for carrying out the purpose of this section in such amounts as the President may direct.

SEC. 411. ADMINISTRATIVE EXPENSES.—(a) Whenever possible, the expenses of administration of this Act shall be paid for in the currency of the nation where the expense is incurred.

(b) There is hereby authorized to be appropriated to the President for the fiscal year 1955 not to exceed \$35,900,000 for all necessary administrative expenses incident to carrying out the provisions of this Act other than chapter 1 of title I, including expenses for compensation, allowances and travel of personnel, including Foreign Service personnel whose services are utilized primarily for the purposes of this Act, and, without regard to the provisions of any other law, for printing and binding, and for expenditures outside the continental limits of the United States for the procurement of supplies and services and for other administrative purposes (other than compensation of personnel) without regard to such laws and regulations governing the obligation and expenditure of Government funds as may be necessary to accomplish the purposes of this Act.

SEC. 412. STRATEGIC MATERIALS.—In order to reduce the drain on United States resources and to assure the production of adequate supplies of essential raw materials for the collective defense of the free world, the President is authorized to initiate projects for, and assist in procuring and stimulating increased production of, materials in which deficiencies or potential deficiencies in supply exist in the United States or among nations receiving United States assistance. The unexpended balance of funds made available pursuant to section 514 of the Mutual Security Act of 1951, as amended, is hereby authorized to be continued available for the purpose of this section through June 30, 1955.

SEC. 413. CHINESE AND KOREAN STUDENTS.—Funds heretofore allocated to the Secretary of State pursuant to the last proviso of section 202 of the China Area Aid Act of 1950 (22 U. S. C. 1547) shall continue to be available until expended, under such regulations as the Secretary of State may prescribe, using private agencies to the maximum extent practicable, for necessary expenses of tuition, subsistence, transportation, and emergency medical care for selected citizens of China and of Korea for studying or teaching in accredited colleges, universities, or other educational institutions in the United States approved by the Secretary of State for the purpose or for research and related academic and technical activities in the United States, and such selected citizens of China who have been admitted for the purpose of study in the United States shall be granted permission to accept employment upon application filed with the Commissioner of Immigration and Naturalization pursuant to regulations promulgated by the Attorney General.

SEC. 414. ENCOURAGEMENT OF FREE ENTERPRISE AND PRIVATE PARTICIPATION.—(a) It is declared to be the policy of the United States to encourage the efforts of other free nations to increase the flow of international trade, to foster private initiative and competition, to discourage monopolistic practices, to improve the technical efficiency of their industry, agriculture and commerce, and to strengthen free labor unions; and to encourage the contribution of United States enterprise toward the economic strength of other free nations, through private trade and investment abroad, private participation in the programs carried out under this Act (including the use of private trade channels to the maximum extent practicable in carrying out such programs), and exchange of ideas and technical information on the matters covered by this section.

(b) In order to encourage and facilitate participation by private enterprise to the maximum extent practicable in achieving any of the purposes of this Act, the President—

(1) shall make arrangements to find and draw the attention of private enterprise to opportunities for investment and development in other free nations;

(2) shall accelerate a program of negotiating treaties for commerce and trade, or other temporary arrangements where more suitable or expeditious, which shall include provisions to encourage and facilitate the flow of private investment to nations participating in programs under this Act; and

(3) may make, until June 30, 1957, under rules and regulations prescribed by him, guaranties to any person of investments in connection with projects, including expansion, modernization, or development of existing enterprises, in any nation with which the United States has agreed to institute the guaranty program: *Provided, That—*

(A) such projects shall be approved by the President as furthering any of the purposes of this Act, and by the nation concerned;

(B) the guaranty to any person shall be limited to assuring any or all of the following:

(i) the transfer into United States dollars of other currencies, or credits in such currencies, received by such person as earnings or profits from the approved project, as repayment or return of the investment therein, in whole or in part, or as compensation for the sale or disposition of all or any part thereof;

(ii) the compensation in United States dollars for loss of all or any part of the investment in the approved project which shall be found to have been lost to such person by reason of expropriation or confiscation by action of the government of a foreign nation or by reason of war, revolution or insurrection;

(C) when any payment is made to any person pursuant to a guaranty as hereinbefore described, the currency, credits, assets, or investment on account of which such payment is made shall become the property of the United States Government, and the United States Government shall be subrogated to any right, title, claim or cause of action existing in connection therewith;

(D) the guaranty to any person shall not exceed the amount of dollars invested in the project by such person with the approval of the President plus actual earnings or profits on said project to the extent provided by such guaranty, and shall be limited to a term not exceeding twenty years from the date of issuance;

(E) a fee shall be charged in an amount not exceeding 1 per centum per annum of the amount of each guaranty under clause (i) of subparagraph (B), and not exceeding 4 per centum per annum of the amount of each guaranty under clause (ii) of such subparagraph, and all fees collected hereunder shall be available for expenditure in discharge of liabilities under guaranties made under this section until such time as all such liabilities

have been discharged or have expired, or until all such fees have been expended in accordance with the provisions of this section;

(F) the President is authorized to issue guaranties up to a total of \$200,000,000: *Provided*, That any funds allocated to a guaranty and remaining after all liability of the United States assumed in connection therewith has been released, discharged, or otherwise terminated, shall be available for allocation to other guaranties, the foregoing limitation notwithstanding. Any payments made to discharge liabilities under guaranties issued under this subsection shall be paid out of fees collected under subparagraph (E) as long as such fees are available, and thereafter shall be paid out of funds realized from the sale of notes which have been issued under authority of paragraph 111 (c) (2) of the Economic Cooperation Act of 1948, as amended, when necessary to discharge liabilities under any such guaranty;

(G) the guaranty program authorized by this paragraph shall be used to the maximum practicable extent and shall be administered under broad criteria so as to facilitate and increase the participation of private enterprise in achieving any of the purposes of this Act;

(H) as used in this paragraph—

(i) the term "person" means a citizen of the United States or any corporation, partnership, or other association created under the law of the United States or of any State or Territory and substantially beneficially owned by citizens of the United States, and

(ii) the term "investment" includes any contribution of capital goods, materials, equipment, services, patents, processes, or techniques by any person in the form of (1) a loan or loans to an approved project, (2) the purchase of a share of ownership in any such project, (3) participation in royalties, earnings, or profits of any such project, and (4) the furnishing of capital goods items and related services pursuant to a contract providing for payment in whole or in part after the end of the fiscal year in which the guaranty of such investment is made.

SEC. 415. EMIGRATION TO U. S. S. R.—Funds made available pursuant to this Act may be used to pay the expenses of travel of any resident in the United States to the Union of Soviet Socialist Republics for the purpose of establishing permanent residence there: *Provided*, That such resident shall not be readmitted to the United States.

SEC. 416. MUNITIONS CONTROL.—(a) The President is authorized to control, in furtherance of world peace and the security and foreign policy of the United States, the export and import of arms, ammunition, and implements of war, other than by a United States Government agency. The President is authorized to designate those articles which shall be considered as arms, ammunition, and implements of war for the purposes of this section.

(b) As prescribed in regulations issued under this section, every person who engages in the business of manufacturing, exporting, or importing any arms, ammunition, or implements of war designated by the President under subsection (a) shall register with the United States Government agency charged with the administration of this section and, in addition, shall pay a registration fee which shall be prescribed by such regulations.

(c) Any person who willfully violates any provision of this section or any rule or regulation issued under this section, or who willfully, in a registration or license application, makes any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading, shall upon conviction be fined not more than \$25,000 or imprisoned not more than two years, or both.

SEC. 417. ASSISTANCE TO INTERNATIONAL ORGANIZATION.—Whenever it will assist in achieving purposes declared in this Act, the President is authorized to use funds available under sections 131 and 403 in order to furnish assistance, including by transfer of funds, directly to the North Atlantic Treaty Organization, for a strategic stockpile of foodstuffs and other supplies, or for other purposes.

SEC. 418. FACILITATION AND ENCOURAGEMENT OF TRAVEL.—The President, through such officer or commission as he may designate, shall facilitate and encourage, without cost to the United States except for administrative expenses, the promotion and development of travel by citizens of the United States to and within countries receiving assistance under this Act and travel by citizens of such countries to the United States..

TITLE V—MISCELLANEOUS PROVISIONS

CHAPTER 1. GENERAL PROVISIONS

SEC. 501. TRANSFERABILITY OF FUNDS.—Whenever the President determines it to be necessary for the purposes of this Act, not to exceed 10 per centum of the funds made available pursuant to any provision of this Act may be transferred to and consolidated with the funds made available pursuant to any other provision of this Act, and may be used for any of the purposes for which such funds may be used, except that the total in the provision for the benefit of which the transfer is made shall not be increased by more than 10 per centum of the amount made available for such provision pursuant to this Act. Funds transferred under this section to furnish military assistance under chapter 1 of title I may be expended without regard to the area limits imposed by section 106 (c). Not less than 50 per centum of any assistance furnished under paragraph (1), (2), or (3) of section 201 (a) with funds transferred under this section shall be furnished on terms of repayment in accordance with section 505.

SEC. 502. USE OF FOREIGN CURRENCY.—(a) Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, proceeds of sales made under section 550 of the Mutual Security Act of 1951, as amended, shall remain available and shall be used for any of the purposes of this Act, giving particular regard to the following purposes—

(1) for providing military assistance to nations or mutual defense organizations eligible to receive assistance under this Act;

(2) for purchase of goods or services in friendly nations;

(3) for loans, under applicable provisions of this Act, to increase production of goods or services, including strategic materials, needed in any nation with which an agreement was negotiated, or in other friendly nations, with the authority to use currencies received in repayment for the purposes stated in this section or for deposit to the general account of the Treasury of the United States;

(4) for developing new markets on a mutually beneficial basis;

(5) for grants-in-aid to increase production for domestic needs in friendly countries;

(6) for purchasing materials for United States stockpiles; and

(7) for financing international educational exchange activities under the programs authorized by section 32 (b) (2) of the Surplus Property Act of 1944, as amended (50 U. S. C. App. 1641 (b)).

(b) Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, local currencies owned by the United States shall be made available to appropriate committees of the Congress engaged in carrying out their duties under section 136 of the Legislative Reorganization Act of 1946, as amended, for their local currency expenses: Provided, That any such committee of the Congress which uses local currency shall make a full accounting thereof to the Committee on House Administration of the House of Representatives (if the committee using such currency is a committee of the House of Representatives) or to the Committee on Rules and Administration of the Senate (if the committee using such currency is a committee of the Senate), showing the total amount of such currency so used in each country and the purposes for which it was expended.

SEC. 503. TERMINATION OF ASSISTANCE.—(a) If the President determines that the furnishing of assistance to any nation under any provision of this Act—

(1) is no longer consistent with the national interest or security or the foreign policy of the United States; or

(2) would no longer contribute effectively to the purposes for which such assistance is furnished; or

(3) is no longer consistent with the obligations and responsibilities of the United States under the Charter of the United Nations,

he shall terminate all or part of any assistance furnished pursuant to this Act. If the President determines that any nation which is receiving assistance under chapter 1 of title I of this Act is not making its full contribution to its own defense or to the defense of the area of which it is a part, he shall terminate all or part of such assistance.

(b) Assistance to any nation under any provision of this Act may, unless sooner terminated by the President, be terminated by concurrent resolution.

(c) Funds made available under this Act shall remain available for twelve months from the date of termination under this section for the necessary expenses of liquidating assistance programs.

SEC. 504. SMALL BUSINESS.—(a) Insofar as practicable and to the maximum extent consistent with the accomplishment of the purposes of this Act, the President shall assist American small business to participate equitably in the furnishing of commodities and services financed with funds authorized under titles II, III, and IV, and chapters 2 and 3 of title I, of this Act—

(1) by causing to be made available to suppliers in the United States and particularly to small independent enterprises, information, as far in advance as possible, with respect to purchases proposed to be financed with such funds,

(2) by causing to be made available to prospective purchasers in the nations receiving assistance under this Act information as to commodities and services produced by small independent enterprises in the United States, and

(3) by providing for additional services to give small business better opportunities to participate in the furnishing of commodities and services financed with such funds.

(b) There shall be an Office of Small Business, headed by a Special Assistant for Small Business, in such United States Government agency as the President may direct, to assist in carrying out the provisions of subsection (a) of this section.

(c) The Secretary of Defense shall assure that there is made available to suppliers in the United States, and particularly to small independent enterprises, information with respect to purchases made by the Department of Defense pursuant to chapter 1 of title I, such information to be furnished as far in advance as possible.

SEC. 505. LOAN ASSISTANCE.—(a) Not less than 10 per centum of the amounts obligated from funds appropriated pursuant to titles I and II (excluding funds previously appropriated and continued available pursuant to such titles) shall be obligated for furnishing assistance on terms of repayment (including repayment in foreign currencies or by transfer to the United States of materials required for stockpiling or other purposes).

(b) Funds for the purpose of furnishing assistance on terms of repayment shall be allocated to the Export-Import Bank of Washington, which shall, notwithstanding the provisions of the Export-Import Bank Act of 1945 (59 Stat. 526), as amended, make and administer the credit on such terms. Credits made by the Export-Import Bank of Washington with funds so allocated to it shall not be considered in determining whether the Bank has outstanding at any one time loans and guaranties to the extent of the limitation imposed by section 7 of the Export-Import Bank Act of 1945 (59 Stat. 529), as amended. Amounts received in repayment of principal and interest on any loan made under this section shall be held by the Treasury to be used for such purposes, including further loans, as may be authorized from time to time by Congress. Amounts received in repayment of principal and interest on any credits made under paragraph 111 (c) (2) of the Economic Cooperation Act of 1948, as amended, shall be deposited into miscellaneous receipts of the Treasury, except that, to the extent required for such purpose, amounts received in repayment of principal and interest on any credits made out of funds realized from the sale of notes heretofore authorized to be issued for the purpose of financing assistance on a credit basis under paragraph 111 (c) (2) of the Economic Cooperation Act of 1948, as amended, shall be deposited into the Treasury for the purpose of the retirement of such notes.

SEC. 506. PATENTS AND TECHNICAL INFORMATION.—(a) As used in this section—

(1) the term "invention" means an invention or discovery covered by a patent issued by the United States; and

(2) the term "information" means information originated by or peculiarly within the knowledge of the owner thereof and those in privity with him, which is not available to the public and is subject to protection as property under recognized legal principles.

(b) Whenever, in connection with the furnishing of any assistance in furtherance of the purposes of this Act—

(1) use within the United States, without authorization by the owner, shall be made of an invention; or

(2) damage to the owner shall result from the disclosure of information by reason of acts of the United States or its officers or employees.

the exclusive remedy of the owner of such invention or information shall be by suit against the United States in the Court of Claims or in the District Court of the United States for the district in which such owner is a resident for reasonable and entire compensation for unauthorized use or disclosure. In any such suit the United States may avail itself of any and all defenses, general or special, that might be pleaded by any defendant in a like action.

(c) Before such suit against the United States has been instituted, the head of the appropriate United States Government agency, which has furnished any assistance in furtherance of the purposes of this Act, is authorized and empowered to enter into an agreement with the claimant, in full settlement and compromise of any claim against the United States hereunder.

(d) The provisions of the last sentence of section 1498 of title 28 of the United States Code shall apply to inventions and information covered by this section.

(e) Except as otherwise provided by law, no recovery shall be had for any infringement of a patent committed more than six years prior to the filing of the complaint or

counterclaim for infringement in the action, except that the period between the date of receipt by the Government of a written claim under subsection (c) above for compensation for infringement of a patent and the date of mailing by the Government of a notice to the claimant that his claim has been denied shall not be counted as part of the six years, unless suit is brought before the last-mentioned date.

SEC. 507. AVAILABILITY OF FUNDS.—Except as otherwise provided in sections 104, 105, 405, and 413, funds shall be available to carry out the provisions of this Act (other than sections 416 and 418) as authorized and appropriated to the President each fiscal year.

SEC. 508. LIMITATION ON FUNDS FOR PROPAGANDA.—None of the funds herein authorized to be appropriated nor any counterpart funds shall be used to pay for personal services or printing, or for other expenses of the dissemination within the United States of general propaganda in support of the mutual security program, or to pay the travel or other expenses outside the United States of any citizen or group of citizens of the United States for the purpose of publicizing such program within the United States.

SEC. 509. PURCHASE OF COMMODITIES.—No funds made available under title II or chapter 3 of title I of this Act shall be used for the purchase in bulk of any commodities at prices higher than the market price prevailing in the United States at the time of the purchase adjusted for differences in the cost of transportation to destination, quality, and terms of payment. A bulk purchase within the meaning of this section does not include the purchase of raw cotton in bales. Funds made available under title II or chapter 3 of title I of this Act may be used for the procurement of commodities outside the United States unless the President determines that such procurement will result in adverse effects upon the economy of the United States, with special reference to any areas of labor surplus, or upon the industrial mobilization base, which outweigh the economic advantages to the United States of less costly procurement abroad. In providing for the procurement of any surplus agricultural commodity for transfer by grant under this Act to any recipient nation in accordance with the requirements of such nation, the President shall, insofar as practicable and where in furtherance of the purposes of this Act, authorize the procurement of such surplus agricultural commodity only within the United States except to the extent that any such surplus agricultural commodity is not available in the United States in sufficient quantities to supply the requirements of the nations receiving assistance under this Act.

SEC. 510. RETENTION AND RETURN OF EQUIPMENT.—(a) No equipment or materials may be transferred under title I out of military stocks if the Secretary of Defense, after consultation with the Joint Chiefs of Staff, determines that such transfer would be detrimental to the national security of the United States, or that such equipment or materials are needed by the reserve components of the Armed Forces to meet their training requirements.

(b) Any equipment, materials, or commodities procured to carry out this Act shall be retained by, or, upon reimbursement, transferred to and for the use of, such United States Government agency as the President may determine in lieu of being disposed of to a foreign nation or international organization whenever in the judgment of the President the best interests of the United States will be served thereby, or whenever such retention is called for by concurrent resolution. Any commodities so retained may be disposed of without regard to provisions of law relating to the disposal of Government-owned property, when necessary to prevent spoilage or wastage of such commodities or to conserve the usefulness thereof. Funds realized from any such disposal or transfer shall revert to the respective appropriation or appropriations out of which funds were expended for the procurement of such equipment, materials, or commodities or to appropriations currently available for such procurement.

(c) The President shall make appropriate arrangements with each nation receiving equipment or materials under chapter 1 of title I (other than equipment or materials sold under the provisions of section 107) for the return to the United States (1) for salvage or scrap, or (2) for such other disposition as the President shall deem to be in the interest of mutual security, of any such equipment or materials which are no longer required for the purposes for which originally made available.

SEC. 511. PENAL PROVISION.—Whoever offers or gives to anyone who is or in the preceding two years has been an employee or officer of the United States any commission, payment, or gift, in connection with the procurement of equipment, materials, commodities, or services under this Act in connection with which procurement said officer, employee, former officer or former employee is or was employed or performed duty or took any action during such employment, and whoever, being or having been an employee or officer of the United States in the preceding two years, solicits, accepts, or offers to accept any commission, payment, or gift in connection with the procurement of equipment, materials, commodities, or services under this

Act in connection with which procurement said officer, employee, former officer or former employee is or was employed or performed duty or took any action during such employment, shall upon conviction thereof be subject to a fine of not to exceed \$10,000 or imprisonment for not to exceed three years, or both: Provided, That this section shall not apply to persons appointed pursuant to sections 307 or 530 (a) of this Act.

SEC. 512. NOTICE TO LEGISLATIVE COMMITTEES.—When any transfer is made under section 106 (d) or section 501, or any other action is taken under this Act which will result in furnishing assistance of a kind, for a purpose, or to an area, substantially different from that included in the presentation to the Congress during its consideration of this Act, or which will result in expenditures greater by 50 per centum or more than the proposed expenditures included in such presentation for the program or project concerned, the President or such officer as he may designate shall promptly notify the Committee on Foreign Relations of the Senate, the Committee on Foreign Affairs of the House of Representatives and, when military assistance is involved, the Committees on Armed Services of the Senate and House of Representatives, stating the justification for such change. Notice shall also be given to the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives of any determination under the first sentence of section 401 (except with respect to unvouchered funds), and copies of any certification as to loyalty under section 531 shall be filed with such committees.

CHAPTER 2. ORGANIZATION AND ADMINISTRATION

SEC. 521. DELEGATION OF AUTHORITY BY THE PRESIDENT.—The President may exercise any power or authority conferred on him by this Act through such agency or officer of the United States as he shall direct, and the head of such agency or such officer may from time to time promulgate such rules and regulations as may be necessary and proper to carry out functions under this Act and may delegate authority to perform any of such functions to his subordinates acting under his direction.

SEC. 522. ALLOCATION AND REIMBURSEMENT AMONG AGENCIES.—(a) The President may allocate or transfer to any United States Government agency any part of any funds available for carrying out the purposes of this Act, including any advance to the United States by any nation or international organization for the procurement of equipment or materials or services. Such funds shall be available for obligation and expenditure for the purposes for which authorized, in accordance with authority granted in this Act or under authority governing the activities of the Government agencies to which such funds are allocated or transferred. Funds allocated to the Department of Defense shall be governed by the procedures of subsection (c) of this section.

(b) Any officer of the United States performing functions under this Act may utilize the services and facilities of, or procure commodities from, any United States Government agency as the President shall direct, or with the consent of the head of such agency, and funds allocated pursuant to this subsection to any such agency may be established in separate appropriation accounts on the books of the Treasury.

(c) Reimbursement shall be made to any United States Government agency, from funds available to carry out chapter 1 of title I of this Act, for any assistance furnished under that chapter from, by, or through such agency. Such reimbursement shall be in an amount equal to the value (as defined in section 545) of the equipment and materials, services (other than salaries of members of the Armed Forces of the United States), or other assistance furnished, plus expenses arising from or incident to operations under that chapter. The amount of any such reimbursement shall be credited as reimbursable receipts to current applicable appropriations, funds, or accounts of such agency and shall be available for, and under the authority applicable to, the purposes for which such appropriations, funds, or accounts are authorized to be used, including the procurement of equipment and materials or services, required by such agency, in the same general category as those furnished by it or authorized to be procured by it and expenses arising from and incident to such procurement.

(d) In the case of any commodity, service, or facility procured from any United States Government agency under any provision of this Act other than chapter 1 of title I, reimbursement or payment shall be made to such agency from funds available to carry out such provision. Such reimbursement or payment shall be at replacement cost, or, if required by law, at actual cost, or at any other price authorized by law and agreed to by the owning or disposal agency. The amount of any such reimbursement or payment shall be credited to current applicable appropriations, funds, or accounts from which there may be procured replacements of similar commodities, services, or facilities, except that where such appropriations, funds, or accounts are not reimbursable except by reason of this subsection, and when the owning agency

determines that such replacement is not necessary, any funds received in payment therefor shall be covered into the Treasury as miscellaneous receipts.

(e) In furnishing assistance under this Act accounts may be established on the books of any United States Government agency, or, on terms and conditions approved by the Secretary of the Treasury, in banking institutions in the United States, against which (i) letters of commitment may be issued which shall constitute obligations of the United States, and moneys due or to become due under such letters of commitment shall be assignable under the Assignment of Claims Act of 1940, as amended, and (ii) withdrawals may be made by recipient nations or agencies, organizations or persons upon presentation of contracts, invoices, or other appropriate documentation. Expenditure of funds which have been made available through accounts so established shall be accounted for on standard documentation required for expenditure of Government funds: Provided, That such expenditures for commodities or services procured outside the continental limits of the United States may be accounted for exclusively on such certification as may be prescribed in regulations approved by the Comptroller General of the United States.

SEC. 523. COORDINATION WITH FOREIGN POLICY.—(a) Nothing contained in this Act shall be construed to infringe upon the powers or functions of the Secretary of State.

(b) The President shall prescribe appropriate procedures to assure coordination among representatives of the United States Government in each country, under the leadership of the Chief of the United States Diplomatic Mission.

SEC. 524. THE SECRETARY OF DEFENSE.—(a) In the case of aid under chapter 1 of title I of this Act, the Secretary of Defense shall have primary responsibility for—

- (1) the determination of military end-item requirements;
- (2) the procurement of military equipment in a manner which permits its integration with service programs;
- (3) the supervision of end-item use by the recipient countries;
- (4) the supervision of the training of foreign military personnel;
- (5) the movement and delivery of military end-items; and
- (6) within the Department of Defense, the performance of any other functions with respect to the furnishing of military assistance.

(b) The establishment of priorities in the procurement, delivery, and allocation of military equipment shall be determined by the Secretary of Defense. The determination of the value of the program for any country under chapter 1 of title I shall be made by the President.

SEC. 525. FOREIGN OPERATIONS ADMINISTRATION.—Except as modified pursuant to this section or section 521, the Director of the Foreign Operations Administration (referred to in this chapter as the "Director") shall continue to perform the functions vested in him on the effective date of this Act, except insofar as such functions relate to continuous supervision and general direction of programs of military assistance. The President may transfer to any agency or officer of the United States, and may modify or abolish, any function, office, or entity of the Foreign Operations Administration or any officer or employee thereof, and may transfer such personnel, property, records, and funds as may be necessary incident thereto.

SEC. 526. MISSIONS AND STAFFS ABROAD.—The President may maintain special missions or staffs abroad in such nations and for such periods of time as may be necessary to carry out this Act. Each such special mission or staff shall be under the direction of a chief. The chief and his deputy shall be appointed by the President and may, notwithstanding any other law, be removed by the President at his discretion. The chief shall be entitled to receive (1) in cases approved by the President, the same compensation and allowances as a chief of mission, class 3, or a chief of mission, class 4, within the meaning of the Foreign Service Act of 1946 (22 U. S. C. 801), or (2) compensation and allowances in accordance with section 527 (c) of this Act, as the President shall determine to be appropriate.

SEC. 527. EMPLOYMENT OF PERSONNEL.—(a) Any United States Government agency performing functions under this Act is authorized to employ such personnel as the President deems necessary to carry out the provisions and purposes of this Act.

(b) Of the personnel employed in the United States on programs authorized by this Act, not to exceed sixty may be compensated without regard to the provisions of the Classification Act of 1949, as amended, of whom not to exceed thirty-five may be compensated at rates higher than those provided for grade 15 of the general schedule established by the Classification Act of 1949, as amended, and of these, not to exceed fifteen may be compensated at a rate in excess of the highest rate provided for grades of such general schedule but not in excess of \$15,000 per annum. Such positions shall be in addition to those authorized by law to be filled by presidential appoint-

ment, and in addition to the number authorized by section 505 of the Classification Act of 1949, as amended.

(c) For the purpose of performing functions under this Act outside the continental limits of the United States, the Director may—

(1) employ or assign persons, or authorize the employment or assignment of officers or employees of other United States Government agencies, who shall receive compensation at any of the rates provided for the Foreign Service Reserve and Staff by the Foreign Service Act of 1946, as amended (22 U. S. C. 801), together with allowances and benefits established thereunder including, in all cases, post differentials prescribed under section 443 of the Foreign Service Act; and persons so employed or assigned shall be entitled to the same benefits as are provided by section 528 of the Foreign Service Act for persons appointed to the Foreign Service Reserve; and

(2) utilize such authority, including authority to appoint and assign personnel for the duration of operations under this Act, contained in the Foreign Service Act of 1946, as amended (22 U. S. C. 801), as the President deems necessary to carry out functions under this Act. Such provisions of the Foreign Service Act as the President deems appropriate shall apply to personnel appointed or assigned under this paragraph, including, in all cases, the provisions of sections 443 and 528 of that Act.

(d) For the purpose of performing functions under this Act outside the continental limits of the United States, the Secretary of State may, at the request of the Director, appoint for the duration of operations under this Act alien clerks and employees in accordance with applicable provisions of the Foreign Service Act of 1946, as amended (22 U. S. C. 801).

SEC. 528. DETAIL OF PERSONNEL TO FOREIGN GOVERNMENTS.—(a) Whenever the President determines it to be consistent with and in furtherance of the purposes of this Act, the head of any United States Government agency is authorized to detail or assign any officer or employee of his agency to any office or position to which no compensation is attached with any foreign government or foreign government agency: Provided, That such acceptance of office shall in no case involve the taking of an oath of allegiance to another government.

(b) Any such officer or employee, while so assigned or detailed, shall be considered, for the purpose of preserving his privileges, rights, seniority, or other benefits as such, an officer or employee of the Government of the United States and of the Government agency from which assigned or detailed, and he shall continue to receive compensation, allowances, and benefits from funds available to that agency or made available to that agency out of funds authorized under this Act.

SEC. 529. DETAIL OF PERSONNEL TO INTERNATIONAL ORGANIZATIONS.—

(a) Whenever the President determines it to be consistent with and in furtherance of the purposes of this Act, the head of any United States Government agency is authorized to detail, assign, or otherwise make available to any international organization any officer or employee of his agency to serve with or as a member of the international staff of such organization, or to render any technical, scientific or professional advice or service to or in cooperation with such organization.

(b) Any such officer or employee, while so assigned or detailed, shall be considered, for the purpose of preserving his allowances, privileges, rights, seniority and other benefits as such, an officer or employee of the Government of the United States and of the Government agency from which detailed or assigned, and he shall continue to receive compensation, allowances, and benefits from funds available to that agency or made available to that agency out of funds authorized under this Act. He may also receive, under such regulations as the President may prescribe, representation allowances similar to those allowed under section 901 of the Foreign Service Act of 1946, as amended (22 U. S. C. 801). The authorization of such allowances and other benefits and the payment thereof out of any appropriations available therefor shall be considered as meeting all the requirements of section 1765 of the Revised Statutes.

(c) Details or assignments may be made under this section—

(1) without reimbursement to the United States by the international organization.

(2) upon agreement by the international organization to reimburse the United States for compensation, travel expenses, and allowances, or any part thereof, payable to such officer or employee during the period of assignment or detail in accordance with subsection (b) of this section; and such reimbursement shall be credited to the appropriation, fund, or account utilized for paying such compensation, travel expenses, or allowances, or to the appropriation, fund or account currently available for such purposes;

(3) upon an advance of funds, property, or services to the United States accepted with the approval of the President for specified uses in furtherance of the purposes of this Act; and funds so advanced may be established as a separate fund in the Treasury of the United States, to be available for the specified uses, and to be used for reimbursement of appropriations or direct expenditure subject to the provisions of this Act, any unexpended balance of such account to be returned to the international organization; or

(4) subject to the receipt by the United States of a credit to be applied against the payment by the United States of its share of the expenses of the international organization to which the officer or employee is detailed, such credit to be based upon the compensation, travel expenses and allowances, or any part thereof, payable to such officer or employee during the period of assignment or detail in accordance with subsection (b) of this section.

SEC. 530. EXPERTS AND CONSULTANTS OR ORGANIZATIONS THEREOF.—(a) Experts and consultants or organizations thereof, as authorized by section 15 of the Act of August 2, 1946 (5 U. S. C. 55a), may be employed by any United States Government agency for the performance of functions under this Act, and individuals so employed may be compensated at rates not in excess of \$75 per diem, and while away from their homes or regular places of business, they may be paid actual travel expenses and per diem in lieu of subsistence and other expenses at a rate not to exceed \$10 while so employed within the continental limits of the United States and at the applicable rate prescribed in the Standardized Government Travel Regulations (Foreign Areas) while so employed outside the continental limits of the United States.

(b) Persons of outstanding experience and ability may be employed without compensation by any United States Government agency for the performance of functions under this Act in accordance with the provisions of section 710 (b) of the Defense Production Act of 1950, as amended (50 U. S. C. App. 2160), and regulations issued thereunder.

SEC. 531. SECURITY CLEARANCE.—No citizen or resident of the United States may be employed, or if already employed, may be assigned to duties by the Director under this Act for a period to exceed three months unless—

(a) such individual has been investigated as to loyalty and security by the Civil Service Commission, or by the Federal Bureau of Investigation in the case of specific positions which have been certified by the Director as being of a high degree of importance or sensitivity or in case the Civil Service Commission investigation develops data reflecting that the individual is of questionable loyalty, and a report thereon has been made to the Director, and until the Director has certified in writing (and filed copies thereof with the Senate Committee on Foreign Relations and the House Committee on Foreign Affairs) that, after full consideration of such report, he believes such individual is loyal to the United States, its Constitution, and form of government, and is not now and has never knowingly been a member of any organization advocating contrary views; or

(b) such individual has been investigated by a military intelligence agency and the Secretary of Defense has certified in writing that he believes such individual is loyal to the United States and filed copies thereof with the Senate Committee on Foreign Relations and the House Committee on Foreign Affairs.

This section shall not apply in the case of any officer appointed by the President by and with the advice and consent of the Senate, nor shall it apply in the case of any person already employed under programs covered by this Act who has been previously investigated in connection with such employment.

SEC. 532. EXEMPTION OF PERSONNEL FROM CERTAIN FEDERAL LAWS.—(a) Service of an individual as a member of the Board established pursuant to section 307 of this Act or as an expert or consultant under section 530 (a) shall not be considered as service or employment bringing such individual within the provisions of title 18, U. S. C., sections 281, 283 or 284, or of section 190 of the Revised Statutes (5 U. S. C. 99), or of any other Federal law imposing restrictions, requirements, or penalties in relation to the employment of persons, the performance of services, or the payment or receipt of compensation in connection with any claim, proceeding, or matter involving the United States, except insofar as such provisions of law may prohibit any such individual from receiving compensation in respect of any particular matter in which such individual was directly involved in the performance of such service; nor shall such service be considered as employment or holding of office or position bringing such individual within the provisions of section 6 of the Act of May 22, 1920, as amended (5 U. S. C. 715), section 212 of the Act of June 30, 1932, as amended (5 U. S. C. 59a), or any other Federal law limiting the reemployment of retired officers or employees or governing the simultaneous receipt of compensation and retired pay or annuities.

(b) Notwithstanding section 2 of the Act of July 31, 1894 (5 U. S. C. 62), which prohibits certain retired officers from holding certain office, any retired officer of any of the services mentioned in the Career Compensation Act of 1949 may hold any office or appointment under this Act or the Mutual Defense Assistance Control Act of 1951, but the compensation of any such retired officer shall be subject to the provisions of the Act of June 30, 1932 (5 U. S. C. 59a), which does not permit retired pay to be added to the compensation received as a civilian officer.

SEC. 533. WAIVERS OF CERTAIN FEDERAL LAWS.—Whenever the President determines it to be in furtherance of purposes declared in this Act, the functions authorized under this Act may be performed without regard to such provisions of law regulating the making, performance, amendment, or modification of contracts and the expenditure of Government funds as the President may specify.

SEC. 534. REPORTS.—The President, from time to time while funds appropriated for the purpose of this Act continue to be available for obligation, shall transmit to the Congress reports covering each six months of operations, in furtherance of the purposes of this Act, except information the disclosure of which he deems incompatible with the security of the United States. Reports provided for under this section shall be transmitted to the Secretary of the Senate or the Clerk of the House of Representatives, as the case may be, if the Senate or the House of Representatives, as the case may be, is not in session. Such reports shall include detailed information on the implementation of sections 504 and 414 (b) of this Act.

SEC. 535. COOPERATION WITH INTERNATIONAL ORGANIZATIONS.—(a) The President is authorized to request the cooperation of or the use of the services and facilities of the United Nations, its organs and specialized agencies, or other international organizations, in carrying out the purposes of this Act, and may make payments by advancements or reimbursements, for such purposes, out of funds made available for the purposes of this Act, as may be necessary therefor, to the extent that special compensation is usually required for such services and facilities: Provided, That nothing in this section shall be construed to authorize the delegation to any international or foreign organization or agency of authority to decide the method of furnishing assistance under this Act to any country or the amount thereof.

(b) Whenever the President determines it to be in furtherance of the purposes of this Act, United States Government agencies, on request of international organizations, are authorized to furnish supplies, materials, and services, on an advance of funds or reimbursement basis, to such organizations. Such advances or reimbursements may be credited to the current applicable appropriation or fund of the agency concerned and shall be available for the purposes for which such appropriations and funds are authorized to be used.

CHAPTER 3. REPEAL AND MISCELLANEOUS PROVISIONS

SEC. 541. EFFECTIVE DATE.—This Act shall take effect on July 1, 1954.

SEC. 542. STATUTES REPEALED.—(a) There are hereby repealed—

(1) an Act to provide for assistance to Greece and Turkey, approved May 22, 1947, as amended;

(2) the joint resolution to provide for relief assistance to the people of countries devastated by war, approved May 31, 1947, as amended;

(3) the Foreign Aid Act of 1947;

(4) the Foreign Assistance Act of 1948, as amended; including the Economic Cooperation Act of 1948, as amended, the International Children's Emergency Fund Assistance Act of 1948, as amended, the Greek-Turkish Assistance Act of 1948, and the China Aid Act of 1948, as amended;

(5) the Mutual Defense Assistance Act of 1949, as amended;

(6) the Foreign Economic Assistance Act of 1950, as amended; including the Economic Cooperation Act of 1950, the China Area Aid Act of 1950, as amended, the United Nations Palestine Refugee Aid Act of 1950, and the Act for International Development, as amended;

(7) the Far Eastern Economic Assistance Act of 1950, as amended;

(8) the Yugoslav Emergency Relief Assistance Act of 1950;

(9) the Mutual Security Act of 1951, as amended;

(10) the Mutual Security Act of 1952;

(11) the Mutual Security Act of 1953;

(12) section 12 of the joint resolution of Congress approved November 4, 1939 (54 Stat. 10; 22 U. S. C. 452);

(13) section 4 of the Act of March 3, 1925 (50 Stat. 887; 50 U. S. C. 165); and

(14) section 968 of title 18, United States Code.

(b) References in other Acts to the Acts listed in subsection (a) shall hereafter be considered to be references to the appropriate provisions of this Act.

(c) The repeal of the Acts listed in subsection (a) shall not be deemed to affect amendments contained in such Acts to Acts not named in subsection (a).

SEC. 543. SAVING PROVISIONS.—

(a) Except as may be expressly provided to the contrary in this Act, all determinations, authorizations, regulations, orders, contracts, agreements, and other actions issued, undertaken, or entered into under authority of any provision of law repealed by section 542 shall continue in full force and effect until modified by appropriate authority.

(b) Where provisions of this Act establish conditions which must be complied with before use may be made of authority contained in or funds authorized by this Act, compliance with substantially similar conditions under Acts named in section 542 shall be deemed to constitute compliance with the conditions established by this Act.

(c) No person in the service or employment of the United States or otherwise performing functions under an Act repealed by section 542 or under section 408 shall be required to be reappointed or reemployed by reason of the entry into force of this Act, except that appointments made pursuant to section 110 (a) (2) of the Economic Cooperation Act of 1948, as amended, shall be converted to appointments under section 527 (c) of this Act.

SEC. 544. AMENDMENTS TO OTHER LAWS.—(a) Title X of the United States Information and Educational Exchange Act of 1948, as amended (22 U. S. C. 1431) is amended by adding the following new section:

“INFORMATIONAL MEDIA GUARANTIES

“SEC. 1011. The Director of the United States Information Agency may make guaranties, in accordance with the provisions of subsection (b) of section 414 of the Mutual Security Act of 1954, of investments in enterprises producing or distributing informational media consistent with the national interests of the United States against funds heretofore made available by notes issued to the Secretary of the Treasury pursuant to section 111 (c) (2) of the Economic Cooperation Act of 1948, as amended, for purposes of guaranties of investments: Provided, however, That the amount of such guaranties in any fiscal year shall be determined by the President but shall not exceed \$10,000,000.”

(b) Section 1 of Public Law 283, Eighty-first Congress, is repealed. The Institute of Inter-American Affairs, created pursuant to Public Law 369, Eightieth Congress (22 U. S. C. 281), shall have succession until June 30, 1960, and may make contracts for periods not to exceed five years: Provided, That any contract extending beyond June 30, 1960, shall be made subject to termination by the said Institute upon notice: And provided further, That the said Institute shall, on and after July 1, 1954, be subject to the applicable provisions of the Budget and Accounting Act, 1921, as amended (31 U. S. C. 1), in lieu of the provisions of the Government Corporation Control Act, as amended (31 U. S. C. 841).

SEC. 545. DEFINITIONS.—For the purposes of this Act—

(a) The term “commodity” includes any commodity, material, article, supply, or goods.

(b) The term “surplus agricultural commodity” means any agricultural commodity or product thereof, class, kind, type, or other specification thereof, produced in the United States either publicly or privately owned, which is in excess of domestic requirements, adequate carryover, and anticipated exports for dollars, as determined by the Secretary of Agriculture.

(c) The terms “equipment” and “materials” shall mean any arms, ammunition, or implements of war, or any other type of material, article, raw material, facility, tool, machine, supply or item that would further the purpose of chapter 1 of title 1, or any component or part thereof, used or required for use in connection therewith, or required in or for the manufacture, production, processing, storage, transportation, repair, or rehabilitation of any equipment or materials, but shall not include merchant vessels.

(d) The term “mobilization reserve”, as used with respect to any equipment or materials, means the quantity of such equipment or materials determined by the Secretary of Defense under regulations prescribed by the President to be required to support mobilization of the Armed Forces of the United States in the event of war or national emergency until such time as adequate additional quantities of such equipment or materials can be procured.

(e) The term “excess”, as used with respect to any equipment or materials, means the quantity of such equipment or materials owned by the United States which is in excess of the mobilization reserve of such equipment or materials.

(f) The term "services" shall include any service, repair, training of personnel, or technical or other assistance or information necessary to effectuate the purposes of this Act.

(g) The term "Armed Forces of the United States" shall include any component of the Army of the United States, of the United States Navy, of the United States Marine Corps, of the Air Force of the United States, of the United States Coast Guard, and the Reserve components thereof.

(h) The term "value" means—

(1) with respect to any excess equipment or materials furnished under chapter 1 of title I, the gross cost of repairing, rehabilitating, or modifying such equipment or materials prior to being so furnished;

(2) with respect to any nonexcess equipment or materials furnished under chapter 1 of title I which are taken from the mobilization reserve (other than equipment or materials referred to in paragraph (3) of this subsection), the actual or the projected (computed as accurately as practicable) cost of procuring for the mobilization reserve an equal quantity of such equipment or materials or an equivalent quantity of equipment or materials of the same general type but deemed to be more desirable for inclusion in the mobilization reserve than the equipment or materials furnished;

(3) with respect to any nonexcess equipment or materials furnished under chapter 1 of title I which are taken from the mobilization reserve but with respect to which the Secretary of Defense has certified that it is not necessary fully to replace such equipment or materials in the mobilization reserve, the gross cost to the United States of such equipment and materials or its replacement cost, whichever the Secretary of Defense may specify; and

(4) with respect to any equipment or materials furnished under chapter 1 of title I which are procured for the purpose of being so furnished, the gross cost to the United States of such equipment and materials.

In determining the gross cost incurred by any agency in repairing, rehabilitating, or modifying any excess equipment furnished under chapter 1 of title I, all parts, accessories, or other materials used in the course of repair, rehabilitation, or modification shall be priced in accordance with the current standard pricing policies of such agency. For the purpose of this subsection, the gross cost of any equipment or materials taken from the mobilization reserve means either the actual gross cost to the United States of that particular equipment or materials or the estimated gross cost to the United States of that particular equipment or materials obtained by multiplying the number of units of such particular equipment or materials by the average gross cost of each unit of that equipment and materials owned by the furnishing agency.

(i) The term "United States Government agency" means any department, agency, board, wholly or partly owned corporation, or instrumentality, commission, or establishment of the United States Government.

SEC. 546. CONSTRUCTION.—(a) If any provision of this Act or the application of any provision to any circumstances or persons shall be held invalid, the validity of the remainder of the Act and applicability of such provision to other circumstances or persons shall not be affected thereby.

(b) Nothing in this Act shall alter, amend, revoke, repeal, or otherwise affect the provisions of the Atomic Energy Act of 1946, as amended (42 U. S. C. 1801).

(c) Nothing in this Act is intended nor shall it be construed as an expressed or implied commitment to provide any specific assistance, whether of funds, commodities, or services, to any nation or nations, or to any international organization.



MUTUAL SECURITY ACT OF 1954

MINORITY VIEWS

TO ACCOMPANY

H. R. 9678

A BILL TO PROMOTE THE SECURITY AND FOREIGN POLICY
OF THE UNITED STATES BY FURNISHING ASSISTANCE TO
FRIENDLY NATIONS, AND FOR OTHER PURPOSES



JUNE 25, 1954.—Committed to the Committee of the Whole House
on the State of the Union and ordered to be printed

UNITED STATES
GOVERNMENT PRINTING OFFICE

MUTUAL SECURITY ACT OF 1954

JUNE 25, 1954.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. SMITH of Wisconsin, from the Committee on Foreign Affairs, submitted the following

MINORITY VIEWS

[To accompany H. R. 9678]

I. THE DOUBTS

The undersigned members of the majority party pledge their support to President Eisenhower and to his administration in seeking to promote peace and security in a troubled world. As stated in our minority views last year on the Mutual Security Act of 1953, we "share equally with the President, and all other members of the Foreign Affairs Committee, profound desire to achieve such peace and security."

Our failure to agree with the philosophy and lack of realistic direction in this bill in no sense indicates any less interest on our part than on the part of those who support this bill in believing in the danger of communism and in the necessity for arousing the free world in defense of its principles and of its very existence. But it is our firm conviction, as it was last year, that we may be in more danger by clinging to old methods and by using wornout and discredited tools if, by refusing to question the success of those methods, we delay in reappraising the desperate situation in which the world finds itself and United States policy with respect to that situation.

We have grave doubts concerning the patchwork Mutual Security Program and its philosophy of materialism. We have grave doubts as to the wisdom of relying on huge grants of money and weapons as the core of our foreign policy. We have doubts as to the intensions or willingness of our so-called allies. In short, we have doubts concerning the size, direction, and the haste with which this program is being considered in the light of the present state of uncertainty.

It is precisely because we pledge, as we did last year, our support to President Eisenhower, that we must express these minority views. We who affix our signatures to these views will give President Eisen-

hower our devoted backing in his course to save the freedom of the world, while at the same time our duty impels us to remind our colleagues that "There lives more faith in honest doubt, believe me, than in half the creeds."

II. THE TIMING

There exists in our minds a grave and fundamental question concerning the wisdom of enacting now what is considered permanent legislation. This is particularly so in view of the unsettled world conditions which become even more unsettled with each passing day and the widespread uncertainties in high places as to our own foreign policy. The House Foreign Affairs Committee is a legislative committee, a policy committee. The sole purpose of the committee in reviewing past programs and proposed programs is to determine policy. To carry out that responsibility has been the function of the committee in bringing out this bill. But how can we determine legislative policy as a directive and framework of action for the executive branch without being fully apprised of executive-branch policy to give root and substance to what, after all, amount only to the cold words of a statute? How can the House Foreign Affairs Committee justifiably report favorably a Mutual Security Program without having full knowledge of the outcome of the Geneva Conference and the Churchill-Eden conversations now being held with the President in Washington? It is for these reasons that Mrs. Church sponsored the following motion during the closing hours of the committee's consideration of the bill:

That the committee defer final action and consequent reporting out of the bill to the House until such time as the administration shall have formulated and announced to this committee its projected course in relation to Indochina and the area of southeast Asia.

All of the undersigned are included among those who voted in favor of the motion, which unwisely, we feel, did not carry.

Section 121 of the proposed Mutual Security Act of 1954, when originally presented to the committee, was concerned only with Indochina. But now, with the fluid situation in that area as an excuse, the committee has expanded the section and termed it "Southeast Asia and the Western Pacific, and Direct Forces Support." \$800 million of new funds are authorized to be appropriated for "Direct forces support" in Indochina and for other expenditures to accomplish for southeast Asia and the western Pacific the purposes and policies declared in the Mutual Security Act of 1954.

The executive branch witnesses who testified on this broadened coverage could shed no light on why or how this fund would be used outside of Indochina, should that area fall to the Viet Minh, other than to indicate that it might be used for some economic assistance or some technical cooperation or some other purpose the executive branch may wish. When the "Direct forces support" item for Indochina was presented to the committee, executive-branch witnesses testified that "direct forces support" (which is a bureaucratic term for balance of payments aid or budgetary support) was based on the Navarre plan. The acting Assistant Secretary of State for Far Eastern Affairs, Hon. Everett F. Drumright, testified before the committee during the hearings that—

The United States Government was convinced that the Navarre plan for victory in Indochina was feasible, and offered reasonable chances of success.

More startling still, and giving us added cause for deep concern, is the statement by Secretary of State Dulles on the very first day of the hearings before the committee on April 5, 1954, that—

There is no reason to question the inherent soundness of the Navarre plan.

Further on during the hearings, Mr. Drumright, discussing the original purpose of the \$800 million of budgetary support to the French Government for Indochina, stated:

The proposed program of aid for the Associated States of Indochina for fiscal year 1955, which totals \$1,133 million, includes a direct forces support program of \$800 million, which is specifically for the purpose of enabling the French Government to continue to keep in effect its plans for the intensified prosecution of the war in Indochina, and for supporting and increasing Associated States forces likewise engaged in combat against the Communist forces in Indochina.

This support program compares with the provision of up to \$785 million for the same purpose in fiscal year 1954. The aid program for fiscal year 1955 also provides \$308 million for mutual defense assistance in the form of military supplies and equipment for the forces in the French Union and the Associated States in Indochina which are essential for them to withstand and defeat the Communist Viet Minh.

It is shocking to consider that the United States has been paying approximately 65 percent of the dollar cost of the Indochina war for a discredited Navarre plan. More shocking still, however, is the necessity to remind the House that \$800 million is now proposed—not for even a Navarre plan or an Ely plan, but for a “No” plan.

III. THE PATCHWORK

In expressing our minority views last year on the Mutual Security Act of 1953, we stated:

The proposed Mutual Security Act of 1953, H. R. 5710, marks another attempt in a long series of major foreign policy measures to bring about peace and security in a troubled world. Areawise, on a large scale, we started off with an Economic Cooperation Act of 1948. When that proved inadequate, we tried a Mutual Defense Assistance Act of 1949. Then to demonstrate that we were concerned equally with directly raising living standards as well as defense standards, the Congress in 1950 put on the statute books an Act for International Development. In 1951, the phrase “mutual security” was coined to describe what was termed a “new” approach—lumping together in a package bill the above laws and tying them together not too neatly with almost every single piece of legislation that bore the trade-mark “foreign policy,” its nebulous connection with “mutual security” notwithstanding.

This patchwork of loosely associated programs has been perpetuated in the latest version of the Mutual Security Program, the Mutual Security Act of 1954. The majority report states that “with the passage of this bill, the patchwork * * * will come to an end.” An examination of the 82-page Mutual Security Act of 1954 reveals little, if no, justification for such a hope. It is true that some 11 major foreign aid acts are specifically repealed but, in the main, the programs authorized by those acts are perpetuated. It is now easier to find the patchwork, since it is included in one bill. The President, in his message of June 23, 1954, to the Congress, on the Mutual Security Program stated:

Because the new program is in large measure a continuation of existing programs, its success requires reauthorization for expenditure of funds that are still unexpended.

"Existing programs," to which the President referred, are continued in this bill. But now, we have an orderly patchwork. We hasten to state that there can be no objection to a patchwork as such, *if* it can accomplish a reasonable degree of progress toward mutual security objectives. But this patchwork, although admittedly set out in orderly fashion in an orderly bill, indicates a scattered policy based on false premises and hastily concocted mechanisms.

That the Mutual Security Act of 1954 is a continuation of the previous patchwork is apparent from several items in the bill. The first is the "Mutual defense support" item for the United Kingdom in the amount of \$75 million. This is a budgetary support, balance of payments item, for which we have been unable to find any justification. As stated by the Honorable John M. Vorys during the hearings:

Nothing is clearer in the legislative history of this bill than that the mutual defense support for the United Kingdom couldn't conceivably exceed \$20 million any way you figure. * * * It is perfectly obvious to me that the only way the Congress can prevent economic aid at least to the United Kingdom, if that is their wish, is to prohibit it specifically and name the country.

A similar unjustified item is "Development of weapons of advanced design." Last year it was called "Special weapons," and we questioned the authorization of \$100 million. Fifty million dollars was appropriated. This year the Mutual Security Act of 1954 authorizes \$27 million of new funds, plus the carryover of the \$50 million *unexpended* funds.

The congressional lack of control over programs which was manifested in prior Mutual Security Programs is continued in this patchwork program. The almost complete abandonment of the Congress to executive flexibility in the use of funds and in the exercise of discretion is glaringly apparent from an examination of this bill. The Honorable Walter H. Judd stated the problem succinctly during the hearings:

Here we asked them not to spend for a certain purpose and they went ahead and spent it anyway. They still do what they want, regardless of the will of Congress. I don't know what function we serve here except to take the people's money away from them and give it to other people to spend.

The flexibility in this bill, despite the watered-down mandate (sec. 512, Notice to Legislative Committees), will permit the executive branch to "do what they want, regardless of the will of Congress."

The perpetuation of the patchwork is also readily apparent when considered in the light of the so-called New Look with respect to our defense approach. This was brought out by the following colloquy during the committee hearings on this bill:

Mr. JAVITS. Does any of this program come under the heading of the "New Look" in defense, is it going along as it was before the administration offered the so-called New Look defense approach?

General STEWART. I would like to answer that this way: Whatever effect the New Look has on this program comes into it through the forces that are approved for us to assist. We don't take the program, here, and make a judgment that the New Look has changed the number of rifles. If, in developing the force lists, the reviews made by General Gruenther and his staff, if the New Look changes the forces and the types of forces, then it is reflected in our program.

Mr. JAVITS. Has this actually occurred as an end fact or can't you answer that question?

General STEWART. At the present moment, I would say that it has not yet affected this program.

Mr. JACKSON. Would the gentleman yield on that point?

Mr. JAVITS. Yes.

Mr. JACKSON. Perhaps this is a question that would more properly be answered in executive session, though I think it is interesting.

What we know of as the New Look stresses the retaliatory power, the instantaneous power to retaliate effectively. Is that reflected to any extent, in let us say, the aircraft procurement in the new request?

General STEWART. No, sir; I don't think that has affected the aircraft program.

Mr. JACKSON. That, it seems to me, would be the first place where you would get reflection of any effect of the New Look upon this program.

Mr. JAVITS. Apparently the general's answer is that though the New Look may be present in our regular domestic defense program, it is not yet, as far as the general can see, a factor in the mutual assistance program.

IV. THE UNWILLINGNESS

One of the myths upon which the Mutual Security Program has been based is that the program has been building allies for us around the world. To us, an ally means a willing associate. If the associate is unwilling, then he is no ally. When this unwillingness is found among such nations as France, the United Kingdom, and Italy, then the American people have just cause for demanding a reappraisal of American foreign policy.

The unwillingness of the French is manifested in two respects: First, their refusal to recognize that the shackling of peoples with colonialism gives international communism a weapon for subversion under the guise of nationalism. This was forcibly brought out by the special study mission of the Foreign Affairs Committee to southeast Asia and the Pacific last fall, consisting of the Honorable Walter H. Judd (chairman), the Honorable Clement J. Zablocki, and two of the undersigned (Mrs. Church and Mr. Adair):

The apathy of the local population to the menace of Viet Minh communism disguised as nationalism is the most discouraging aspect of the situation. That can only be overcome through the grant of complete independence to each of the associated states. Only for such a cause as their own freedom will people make the heroic effort necessary to win this kind of a struggle.

Until political independence has been achieved, an effective fighting force from the associated states cannot be expected.

Second: France's unwillingness to join the European Defense Community, without which, as we have been told repeatedly by the executive branch, the North Atlantic Treaty Organization effort in Europe may be doomed to failure. Today France and Italy are the "holdouts" of Western Europe. Without their ratification of the European Defense Community Treaty, the European Defense Community cannot come into effect. It is true that there is a provision in this bill (sec. 106 (b) (1)) withholding military equipment and materials of the value programed for fiscal years 1954 and 1955 from France and Italy until they ratify the treaty. This provision, however, has no effect on the delivery of equipment and materials programed for earlier years. But aside from the question of withholding equipment and materials, there remains the indisputable fact that this provision in the bill, known as the "Richards amendment," recognizes the unwillingness of two important members of NATO to take their part in a mutual security effort despite our heavy financial assistance.

The unwillingness of the United Kingdom has been again manifested by the remarks of Foreign Minister Anthony Eden before the House of Commons on June 23. These remarks bristle with criticism of the United States and echo the periodic appeasement by the British of the

Communists in the Far East. Last year, in our minority views, we pointed out as one glaring example of a "lack of mutuality" the readiness of the British and French to appease the Communists. These were our words then, and they are even more applicable today:

Within the past few weeks we have witnessed a shift in the Allied front; the unity which was boastfully asserted in the past is on the wane. The British and French appear willing to accept the Kremlin's promise to be good—at least in the Far East. In Europe, however, they want "Uncle Sam" to foot the bill. In this area they are not too sure about Soviet promises; they prefer to rely on American dollars. So the policy is one of trust in Asia and distrust in Europe.

The unwillingness of India has been the subject of justified indignation on the part of the American people and Members of the Congress. The Honorable Frances P. Bolton and the Honorable James P. Richards, members of the House Foreign Affairs Committee, who served as delegates to the eighth session of the General Assembly of the United Nations last fall, have this to say on this question in their well documented report:

For many years we have served as members of the congressional committee through which have been channeled the lend-lease, the mutual-security, and other foreign-aid programs. Our defense and aid programs have been aimed at the achievement of mutual security in the face of a common danger, and we have plainly stated our objectives in the enabling acts.

It was, therefore, a surprise and to some extent a shock to realize that some delegates, who may be presumed to reflect substantial segments of opinion in their countries, harbor extremely inimical views about the United States. On the surface, this may appear to be a petty matter, especially in view of the fact that some countries exercise a minimum of control over their delegates and permit them great personal latitude. However, we feel it important for Americans generally and the Congress in particular, to know that such attitudes do exist, even when held by only a small and insignificant number.

To us it was a sobering thought to realize that our motives and even our integrity were being challenged. If we could be so misunderstood by the Indian delegate in the Fourth Committee on the question of self-government for Puerto Rico, how can we hope to be understood when we send the people of her great nation the 100 locomotives and 5,000 freight cars recently allocated them, especially if, as appears probable, they may bear the nameplates of European manufacturers? Something is wrong in our relations with India when our attitudes and motives can be so grossly misinterpreted.

We cannot understand the existence of what appears to be a planned program by Prime Minister Nehru to denounce, to mock, and to needle the Nation which has stood by India in her struggle to maintain her newly won independence.

The proposed Mutual Security Act of 1954 authorizes a total of \$104,500,000 to India, of which \$85 million is in the form of development assistance and \$19.5 million in the form of technical cooperation. As stated so succinctly by the Honorable John M. Vorys during the committee hearings:

The only country that we have had named, as to the amount it is to get, is this neutral that isn't even neutral.

Any foreign office following these hearings who had some hopes for some American aid—and all of them seem to have—would say, "See how you do it. There is just one way to do it, because the only place that is mentioned by name as to what they are supposed to get is India." Now that is the way it has been presented to us in 10 days. * * * All you have to do is be neutral and you get it.

At a later point, Mr. Vorys continued:

Now, there must be some significance to that. There was some significance to our chairman and to myself and other members of the committee. The most important thing is not to be lined up with the United States in foreign policy but

to have a divergent foreign policy and then the amount you get is committed by the executive branch.

Now, there is and has been enormous significance to that. I think our chairman wondered why, and some of the rest of us did, too.

V. THE FAILURE

The failure of American foreign policy exemplified in the Mutual Security Program is the fact that the legislation has not and does not in this bill offer a solution to the political problem facing the great masses of people throughout the world. When people yearn for freedom and independence, United States support of colonial powers who delay such freedom and independence renders useless our vast outlays of money and gigantic shipment of weapons. As President Eisenhower, when Supreme Commander, Allied Powers in Europe, pointed out to a study mission of the Foreign Affairs Committee in June 1951, the United States has the greatest advertising genius and media in the world, yet it has failed to put across the message of America.

On this point, Mr. Bentley asked a fundamental question of the Honorable George V. Allen, United States Ambassador to India, during the Ambassador's testimony before the committee:

To what extent has the feeling of friendliness of the people of India communicated itself to its leaders and if it does so communicate itself to the leaders of the Indian Government, then why isn't that friendliness to the United States expressed by the Indian Government more completely than it is? * * * I still don't understand how the good will is supposed to have been reflected by the Indian people, I still don't understand why that good will isn't indicated in the Government that is supposed to express the will of the Indian people.

The policy in the Mutual Security Program of concentrating our efforts on governments rather than on people has been a major failure in United States policy. With respect to this point, the Honorable Walter H. Judd, chairman of the special study mission to southeast Asia and the Pacific, aptly stated during the hearings:

He [the Minister of Finance of India] would rather have our money for dams and railroads, as you specify, rather than something that helps the people directly.

We feel that this fundamental weakness has not been remedied to date.

The failure in our policy is also apparent with respect to Japan, when it is considered that there is, on the one hand, a growing anti-Americanism, and on the other hand an unwillingness to recognize the Communist menace and the nature of that threat. As stated by the special study mission to southeast Asia and the Pacific:

United States policy toward Japan has been marked by vacillations that have produced frustration and confusion among the Japanese. During the occupation Japan was disarmed, now we are urging it to rearm. * * * If the situation continues as at present, Japan at best will be an unsteady ally and may gravitate into the Communist orbit.

The concept of the European Defense Community, as has already been indicated, has to date been a failure. Even if the European Defense Community Treaty should be ratified, we feel that the long delay and the strains and suspicions such delay has brought to the collective security effort in Western Europe may have defeated the very purpose of that organization.

The most significant admission that our foreign aid program has failed is contained in the statement which Secretary of State Dulles made during the hearings:

Now, what is it that saves the world from that [Soviet blackmail]? It is just one thing alone, and that is that it is known that the United States has the capacity to retaliate massively, and therefore, they do not dare do that. And that is the only restraint, and it is a restraint which protects not only the United States, but protects the other free nations of the world. And for anyone to believe that a free nation is better off and more free and more safe by getting out from underneath that umbrella of United States power, is to me a fantastic conception. Any country that gets out from under that is getting under the menace of blackmail, of atomic threat which comes from the Soviet Union. And the only way in which the free world can save itself from being broken asunder and from being captured by this dictatorship of Soviet communism, is for them to stay together under this power which neutralizes this frightful blackmail power which otherwise would be possessed by the Soviet Union.

We have read and reread this statement many times and not once have we seen the expression "foreign aid" in it.

VI. THE FUTURE

In expressing our minority views last year, we posed these questions:

We, therefore, feel in considering this bill that certain questions should and must be asked: What magic formula is there in this program that is going to transform millions of insecure people throughout the world into valiant, invigorated, and dependable allies? Is it United States money? No. We have tried that one many times—with no success. Is it United States armed might? No. Our forces have been bearing the brunt of the fight in Korea on behalf of the principles of sovereignty, independence, and freedom—and still the peoples of Asia waiver. Is it sharing our know-how with less fortunate peoples in the underdeveloped areas? No. Despite the demonstration of our friendship, we cannot be certain how many of them would succumb to Communist influence and persuasion.

The passage of 1 year has borne no answer to these questions. Although the military conflict in Korea has ended, we are still bearing the brunt of the burden in Korea on behalf of the principles of sovereignty, independence, and freedom—and the peoples of Asia waiver even more.

We suggest, therefore, that each Member of this House, before voting on this bill, must bear in mind the following basic truths:

(1) We are not so desperate that we must authorize nearly a billion dollars to be used in southeast Asia and the Pacific without any knowledge of how, when, and where.

(2) We are not so desperate that we cannot extricate ourselves from reliance on unwilling and vacillating associates in the family of nations.

(3) We are not so desperate that we must rely on defunct governments and colonial regimes.

(4) We are not so desperate that we must continue with an outmoded and steadily failing patchwork of foreign policy programs.

(5) We are not so desperate that we cannot summon up our genius, ingenuity, and varied capacities to bring to the world at least a partial answer to its troubles.

(6) We are not so desperate that our only contribution to the world's problems must be money and weapons, with the resultant disdain which they create for us.

(7) We are not so desperate that we dare not exercise a leadership—spiritual, moral, and political—worthy of a great heritage and of a great people.

We feel compelled to remind the membership of this House that we stated last year, as we state now:

It would therefore seem to us particularly essential that we evaluate the present program in the light of what similar programs in the past have failed to accomplish; and from the point of view of whether or not it offers fulfillment of pledges made to the American people.

Responsibility in world affairs is a serious matter for the future of our Nation and its people. It calls for the courage to admit past and present failures and the fortitude to chart a new course.

LAWRENCE H. SMITH.

MARGUERITE STITT CHURCH.

E. ROSS ADAIR.

ALVIN M. BENTLEY.



83^D CONGRESS
2^D SESSION

H. R. 9678

[Report No. 1925]

IN THE HOUSE OF REPRESENTATIVES

JUNE 24, 1954

Mr. CHIPERFIELD introduced the following bill; which was referred to the Committee on Foreign Affairs

JUNE 25, 1954

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

A BILL

To promote the security and foreign policy of the United States by furnishing assistance to friendly nations, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Mutual Security Act
4 of 1954".

5 TITLE I—MUTUAL DEFENSE ASSISTANCE

6 CHAPTER 1. MILITARY ASSISTANCE

7 SEC. 101. PURPOSE OF CHAPTER.—The Congress of
8 the United States reaffirms the policy of the United States
9 to achieve international peace and security through the

1 United Nations so that armed force shall not be used ex-
2 cept in the common defense. The Congress hereby finds
3 that the efforts of the United States and other nations to
4 promote peace and security require additional measures of
5 support based upon the principle of continuous and effec-
6 tive self-help and mutual aid. It is the purpose of this
7 chapter to authorize measures in the common defense, in-
8 cluding the furnishing of military assistance to friendly
9 nations and international organizations in order to pro-
10 mote the foreign policy, security, and general welfare of
11 the United States and to facilitate the effective participa-
12 tion of such nations in arrangements for individual and
13 collective self-defense. In furnishing such military assist-
14 ance, it remains the policy of the United States to con-
15 tinue to exert maximum efforts to achieve universal control
16 of weapons of mass destruction and universal regulation
17 and reduction of armaments, including armed forces, under
18 adequate safeguards to protect complying nations against
19 violation and evasion.

20 The Congress reaffirms its previous expressions favor-
21 ing the creation by the free peoples of the Far East and
22 the Pacific of a joint organization, consistent with the
23 Charter of the United Nations, to establish a program of

1 self-help and mutual cooperation designed to develop their
2 economic and social well-being, to safeguard basic rights and
3 liberties and to protect their security and independence.

4 SEC. 102. GENERAL AUTHORITY.—Military assistance
5 may be furnished under this chapter on a grant or loan
6 basis and upon such other appropriate terms as may be
7 agreed upon, by the procurement from any source and the
8 transfer to eligible nations and international organizations of
9 equipment, materials, and services or by the provision of any
10 service, including the assignment or detail of members of
11 the Armed Forces and other personnel of the Department
12 of Defense solely to assist in an advisory capacity or to per-
13 form other duties of a noncombatant nature, including mili-
14 tary training or advice.

15 SEC. 103. AUTHORIZATIONS.—(a) There is hereby
16 authorized to be appropriated to the President, in addition
17 to appropriations authorized by sections 104 and 105, not
18 to exceed \$1,430,300,000, to carry out the purpose of this
19 chapter; and, in addition, unexpended balances of appropria-
20 tions for military assistance under each paragraph of the
21 Mutual Security Appropriation Act, 1954 (except the ap-
22 propriation for mutual special weapons planning), are hereby
23 authorized to be continued available for the purpose of this

1 chapter and to be consolidated with the appropriation
2 authorized by this subsection; all of which is hereby author-
3 ized to be continued available through June 30, 1955.

4 (b) Funds made available pursuant to subsection (a)
5 of this section shall be available for the administrative and
6 operating expenses of carrying out the purpose of this
7 chapter including expenses incident to United States partici-
8 pation in international security organizations.

9 (c) Funds made available pursuant to subsection (a)
10 of this section may be used for the procurement of equip-
11 ment or materials outside the United States unless the
12 President determines that such procurement will result
13 in one or more of the following conditions:

14 (1) Adverse effects upon the economy of the
15 United States, with special reference to any areas of
16 labor surplus, or upon the industrial mobilization base,
17 which outweigh the strategic and logistic advantages
18 to the United States of procurement abroad;

19 (2) Production of such equipment or materials
20 outside the United States under inadequate safeguards
21 against sabotage or the release to potential enemies
22 of information detrimental to the security of the
23 United States;

24 (3) Unjustifiable cost in comparison with pro-

curement in the United States, taking into account transportation costs for delivery overseas; and

(4) Delays in delivery incompatible with United States defense objectives.

SEC. 104. INFRASTRUCTURE.—(a) The President is authorized to make contributions to infrastructure programs of the North Atlantic Treaty Organization, in accordance with agreements already made between the member nations, out of funds made available pursuant to this section, or section 103, or chapter IX of the Supplemental Appropriation Act, 1953, of amounts totaling not more than \$780,000,000, less amounts already contributed for such purpose. There is hereby authorized to be appropriated to the President for such purpose, in installments prior to June 30, 1958, not to exceed \$321,000,000, to remain available until expended. Such contributions by the United States shall not exceed its proportionate share, as heretofore agreed upon, of the expenses of such programs.

(b) When the President determines that it is in the interest of the security of the United States to participate in programs for the acquisition or construction of facilities in foreign nations for collective defense other than programs of the North Atlantic Treaty Organization, he may use for such purpose funds made available under section 103

1 or local currencies made available under section 402 in
2 amounts totaling not more than \$50,000,000.

3 (c) Notwithstanding section 501 of this Act, no funds
4 other than those referred to in subsections (a) and (b)
5 of this section may be expended for the purposes of this
6 section. No funds shall be expended under this section for
7 rental or purchase of land or for payment of taxes.

8 SEC. 105. DEVELOPMENT OF WEAPONS OF ADVANCED
9 DESIGN.—There is hereby authorized to be appropriated to
10 the President not to exceed \$27,000,000, to remain available
11 until expended, for the purpose of encouraging and expedit-
12 ing the development of weapons of advanced design by
13 nations or international organizations eligible to receive
14 military assistance under this chapter. Notwithstanding any
15 other provision of this Act, funds made available pursuant to
16 this section may be used only for the purpose of this section.
17 In addition, the unexpended balance of the prior appropria-
18 tion made pursuant to section 542 of the Mutual Security
19 Act of 1951, as amended, is authorized to be continued avail-
20 able for the purpose of this section until expended and to be
21 consolidated with the appropriation authorized by this section.

22 SEC. 106. CONDITIONS APPLICABLE TO MILITARY
23 ASSISTANCE.—(a) Military assistance may be furnished
24 under this chapter to any nation whose increased ability to
25 defend itself the President shall have determined to be im-

1 portant to the security of the United States and which is
2 otherwise eligible to receive such assistance. Equipment and
3 materials furnished under this chapter shall be made available
4 solely to maintain the internal security and legitimate self-
5 defense of the recipient nation, or to permit it to participate
6 in the defense of its area or in collective security arrangements
7 and measures consistent with the Charter of the United
8 Nations. The President shall be satisfied that such equip-
9 ment and materials will not be used to undertake any act of
10 aggression against any nation.

11 (b) In addition to the authority and limitations con-
12 tained in the preceding subsection, the following provisions
13 shall apply to particular areas:

14 (1) In order to promote an integrated defense of the
15 North Atlantic area and to support concrete measures for
16 political federation, military integration, and economic
17 unification in Europe, equipment and materials of the value
18 programed for fiscal years 1954 and 1955 for nations
19 signing the treaty constituting the European Defense Com-
20 munity shall, pending the coming into force of the treaty, be
21 delivered only to such of these nations as have ratified the
22 treaty, and have joined together in or are developing col-
23 lective defense programs in a manner satisfactory to the
24 United States as determined by the President.

25 (2) Military assistance furnished to any nation in the

1 Near East, Africa, and South Asia to permit it to partici-
2 pate in the defense of its area shall be furnished only in
3 accordance with plans and arrangements which shall have
4 been found by the President to require the recipient nation
5 to take an important part therein.

6 (3) In furnishing military assistance in the Far East
7 and the Pacific and in carrying out the provisions of section
8 121 of this Act, the President shall give the fullest assistance
9 to the free peoples in that area, in their creation of a joint or-
10 ganization, consistent with the Charter of the United Na-
11 tions, to establish a program of self-help and mutual coop-
12 eration designed to develop their economic and social well-
13 being, to safeguard basic rights and liberties, and to protect
14 their security and independence.

15 (4) Military assistance may be furnished to the other
16 American Republics only in accordance with defense plans
17 which shall have been found by the President to require
18 the recipient nation to participate in missions important to
19 the defense of the Western Hemisphere.

20 (c) The Secretary of Defense shall insure that the value
21 (as determined pursuant to section 545) of equipment, ma-
22 terials, and services heretofore furnished under military as-
23 sistance programs authorized by Acts repealed by this Act or
24 hereafter furnished pursuant to section 103 (a) to nations
25 or organizations in each of the four areas named in this sub-

1 section shall not exceed the total of the funds heretofore
2 made available for military assistance in that area pursuant
3 to Acts repealed by this Act plus the amount herein speci-
4 fied for that area:

5 (1) In the European area (excluding Greece and Tur-
6 key), \$617,500,000.

7 (2) In the Near East, Africa, and South Asia,
8 \$181,200,000.

9 (3) In the Far East and the Pacific, \$583,600,000.

10 (4) In the Western Hemisphere, \$13,000,000.

11 (d) Whenever the President determines it to be nec-
12 essary for the purpose of this title, equipment, materials,
13 and services of a value not to exceed 10 per centum of the
14 sum of (1) that portion of the unexpended balances re-
15 ferred to in section 103 (a) which was available on June 30,
16 1954, to furnish assistance in any of the areas named in
17 subsection (c) of this section, and (2) the amount specified
18 in the applicable paragraph of subsection (c) of this sec-
19 tion for additional assistance in such area, may be fur-
20 nished in any other such area or areas, notwithstanding
21 the limitations set forth in subsection (c) of this section.
22 Funds heretofore obligated or programed or hereafter made
23 available solely for the purpose of section 104 (pertain-
24 ing to infrastructure) or section 105 (pertaining to the

1 development of weapons of advanced design) shall not be
2 included in the total fixed for each such area. Funds here-
3 tofore appropriated for military assistance in a particu-
4 lar geographic area but transferred from such use under
5 section 513 of the Mutual Security Act of 1951, as amended,
6 or under section 408 (c) of the Mutual Defense Assis-
7 tance Act, shall be included in the total for the area for
8 the benefit of which such transfer was made, and not in
9 the total for the area from which the transfer was made.

10 SEC. 107. SALE OF MILITARY EQUIPMENT, MATE-
11 RIALS, AND SERVICES.—(a) The President may, in order
12 to carry out the purpose of this chapter, sell or enter into
13 contracts (without requirement for charge to any appro-
14 priation or contract authorization) for the procurement for
15 sale of equipment, materials, or services to any nation
16 or international organization: *Provided*, That prior to the
17 transfer of any such equipment, materials, or services to
18 any nation which has not signed an agreement under
19 section 142 of this Act or joined with the United States
20 in a regional collective defense arrangement, the President
21 shall have received commitments satisfactory to him that
22 such equipment, materials, or services are required for and
23 will be used by such nation solely to maintain its inter-
24 nal security, its legitimate self-defense, or to permit it to
25 participate in the defense of the area of which it is a

1 part, or in collective security arrangements and measures
2 consistent with the Charter of the United Nations, and that
3 it will not undertake any act of aggression against any other
4 state.

5 (b) Whenever equipment or materials are sold from
6 the stocks of or services are rendered by any United States
7 Government agency to any nation or international organi-
8 zation as provided in subsection (a), such nation or inter-
9 national organization shall first make available the fair value,
10 as determined by the President, of such equipment, materials,
11 or services before delivery or, when the President determines
12 it to be in the best interests of the United States, within sixty
13 days thereafter or, as determined by the President, within
14 a reasonable period not to exceed three years. The fair value
15 for the purpose of this subsection shall not be less than the
16 value as defined in subsection (h) of section 545: *Provided*,
17 That with respect to excess equipment or materials the fair
18 value may not be determined to be less than (i) the mini-
19 mum value specified in that subsection plus the scrap value,
20 or (ii) the market value, if ascertainable, whichever is the
21 greater. Before a contract for new production is entered
22 into, or rehabilitation work is undertaken, such nation or
23 international organization shall (A) provide the United
24 States with a dependable undertaking to pay the full amount
25 of such contract or the cost of such rehabilitation which will

1 assure the United States against any loss on the contract or
2 rehabilitation work, and (B) shall make funds available in
3 such amounts and at such times as may be necessary to meet
4 the payments required by the contract or the rehabilitation
5 work in advance of the time such payments are due, in
6 addition to the estimated amount of any damages and costs
7 that may accrue from the cancellation of such contract or
8 rehabilitation work.

9 (c) Sections 106, 141, and 142 shall not apply with
10 respect to assistance furnished under this section.

11 SEC. 108. WAIVERS OF LAW.—(a) The President may
12 perform any of the functions authorized under this chapter
13 without regard to (1) the provisions of title 10, United
14 States Code, section 1262 (a), and title 34, United States
15 Code, section 546 (e) ; and (2) such provisions as he may
16 specify of the joint resolution of November 4, 1939 (54
17 Stat. 4), as amended.

18 (b) Notwithstanding the provisions of Revised Statutes
19 1222 (10 U. S. C. 576), personnel of the Department of
20 Defense may be assigned or detailed to any civil office for the
21 purpose of enabling the President to furnish assistance under
22 this Act.

23 SEC. 109. TRANSFER OF MILITARY EQUIPMENT TO
24 JAPAN.—In addition to any program of military assistance
25 for which funds may be appropriated pursuant to this Act,

1 the President is hereby authorized to transfer to the Govern-
2 ment of Japan, until June 30, 1955, upon such terms and
3 conditions as he may specify, and upon its request, United
4 States military equipment and supplies programed for Japan
5 to meet its internal security requirements for which Depart-
6 ment of Defense appropriations were obligated prior to July
7 1, 1953. No appropriation shall be requested to replace the
8 military equipment and supplies so transferred, and no funds
9 heretofore or hereafter appropriated for the purpose of this
10 chapter shall be available for reimbursement to any United
11 States Government agency on account of any transfer made
12 pursuant to this section.

13 CHAPTER 2—SOUTHEAST ASIA AND THE WESTERN
14 PACIFIC, AND DIRECT FORCES SUPPORT

15 SEC. 121. SOUTHEAST ASIA AND THE WESTERN
16 PACIFIC.—There is hereby authorized to be appropriated to
17 the President for the fiscal year 1955, to be made available
18 on such terms and conditions, including transfer of funds,
19 as he may specify, not to exceed \$800,000,000 for expenses
20 necessary for the support of the forces of the Associated
21 States of Cambodia, Laos, and Vietnam and the forces of
22 France located in such Associated States and for other ex-
23 penditures to accomplish in Southeast Asia and the Western
24 Pacific the policies and purposes declared in this Act. In
25 addition, the unexpended balances of funds allocated from

1 appropriations made pursuant to sections 304 and 540 of the
2 Mutual Security Act of 1951, as amended, for the purpose
3 of support of the forces of the Associated States of Cam-
4 bodia, Laos, and Vietnam and the forces of France located
5 in the Associated States, are hereby authorized to be con-
6 tinued available for the purpose of this section through
7 June 30, 1955, and to be consolidated with the appropria-
8 tion authorized by this section.

9 SEC. 122. PRODUCTION FOR FORCES SUPPORT.—There
10 is hereby authorized to be appropriated to the President for
11 the fiscal year 1955, to be made available on such terms and
12 conditions, including transfer of funds, as he may specify,
13 not to exceed \$75,000,000 for manufacture in the United
14 Kingdom of military aircraft required by United Kingdom
15 forces for the defense of the North Atlantic area. In addi-
16 tion, unexpended balances of appropriations made pursuant
17 to section 102 of the Mutual Security Act of 1951, as
18 amended, are hereby authorized to be continued available
19 for their original purposes through June 30, 1955, and the
20 unexpended balance of the appropriation made pursuant to
21 the second clause of that section is authorized to be con-
22 solidated with the appropriation authorized by this section.

23 SEC. 123. COMMON USE ITEMS.—There is hereby
24 authorized to be appropriated to the President for the
25 fiscal year 1955 not to exceed \$70,000,000 for the provi-

1 sion of any common-use equipment, materials, commodi-
2 ties, or services which are to be used by military forces
3 of nations receiving assistance under chapter 1 of this
4 title. Programs authorized by this section shall be admin-
5 istered in accordance with the provisions of chapter 1 or
6 chapter 3 of this title.

7 CHAPTER 3—DEFENSE SUPPORT

8 SEC. 131. GENERAL AUTHORITY.—(a) The President
9 is hereby authorized to furnish, to nations and organiza-
10 tions eligible to receive military assistance under chapter 1
11 of this title, commodities, services, and financial and other
12 assistance designed to sustain and increase military effort.
13 In furnishing such assistance, the President may provide
14 for the procurement and transfer from any source of any
15 commodity or service (including processing, storing, trans-
16 porting, marine insurance, and repairing) or any technical
17 information and assistance.

18 (b) There is hereby authorized to be appropriated to
19 the President for the fiscal year 1955 to carry out the
20 provisions of this section, not to exceed—

21 (1) \$45,000,000 for Europe (excluding Greece
22 and Turkey) ;

23 (2) \$81,850,000 for the Near East (including
24 Greece and Turkey), Africa, and South Asia; and

25 (3) \$96,430,000 for the Far East and the Pacific.

1 In addition, unexpended balances of appropriations hereto-
2 fore made pursuant to section 541 of the Mutual Security
3 Act of 1951, as amended, are hereby authorized to be con-
4 tinued available for the purpose of this subsection through
5 June 30, 1955, and to be consolidated with the appropriation
6 authorized for the same area by this subsection: *Provided,*
7 That portions of such unexpended balances which have been
8 allocated to assistance for Greece and Turkey shall be con-
9 solidated with the appropriation authorized by paragraph
10 (2) of this subsection.

11 SEC. 132. KOREAN PROGRAM.—(a) There is hereby
12 authorized to be appropriated to the President for the fiscal
13 year 1955 not to exceed \$230,000,000 to be expended, upon
14 terms and conditions specified by the President, for defense
15 support, relief and rehabilitation, and other necessary assist-
16 ance (including payment of ocean freight charges on ship-
17 ments for relief and rehabilitation, without regard to section
18 409 of this Act) in those parts of Korea which the President
19 shall have determined to be not under Communist control.
20 In addition, unexpended balances of funds heretofore allo-
21 cated for the purpose of relief and rehabilitation in Korea
22 pursuant to the paragraph entitled "Relief and Rehabilitation
23 in Korea", chapter VII, Supplemental Appropriation Act,
24 1954, and unobligated balances of the appropriation for
25 "Civilian Relief in Korea," title III, Department of Defense

1 Appropriation Act, 1954, are hereby authorized to be con-
2 tinued available for the purposes of this subsection through
3 June 30, 1955, and to be consolidated with the appropria-
4 tion authorized by this subsection.

5 (b) (1) Notwithstanding the provisions of any other
6 law, the President is authorized, at any time prior to twenty-
7 four months from the date of enactment of this Act, to
8 transfer to the Republic of Korea, by sale or charter and on
9 such terms and conditions as he may specify, title to not
10 more than eight CI-M-AVI vessels. Any agency of the
11 United States Government owning or operating such vessels
12 is authorized to make such vessels available for the purpose
13 of this subsection. Funds made available pursuant to sub-
14 section (a) of this section shall be available for the purpose
15 of this subsection.

16 (2) Such transfers shall be made at prices determined
17 under section 3 of the Merchant Ship Sales Act of 1946 (50
18 U. S. C., App. 1736): *Provided*, That such vessels shall
19 be placed in class in accordance with minimum requirements
20 of the American Bureau of Shipping by the owning or oper-
21 ating agency, and the expense of placing in class shall be
22 reimbursed to such agency.

23 (c) There is hereby authorized to be appropriated for

1 the fiscal year 1955 not to exceed \$11,300,000 for making
2 contributions to the United Nations Korean Reconstruction
3 Agency or expenditure through such other agency for relief
4 and rehabilitation in Korea as the President may direct. In
5 addition, the unexpended balance of the appropriation made
6 pursuant to the last sentence of section 303 (a) of the Mutual
7 Security Act of 1951, as amended, is hereby authorized to be
8 continued available for the purpose of this subsection through
9 June 30, 1955, and to be consolidated with the appropria-
10 tion authorized by this subsection. Sections 141 and 142 of
11 this Act shall not apply with respect to assistance furnished
12 under this subsection.

13 (d) To the extent necessary to accomplish the purposes
14 of this section (1) assistance may be furnished under this
15 section without regard to the other provisions of this chapter
16 and (2) the authority provided in section 306 may be exer-
17 cised in furnishing assistance under subsection (a) of this
18 section.

19 SEC. 133. TERMS OF ASSISTANCE.—Assistance under
20 this chapter may be furnished on a grant basis or on such
21 terms, including cash, credit, or other terms of repayment,
22 as may be determined to be best suited to the achievement
23 of the purposes of this Act.

1 CHAPTER 4—GENERAL PROVISIONS RELATING TO

2 MUTUAL DEFENSE ASSISTANCE

3 SEC. 141. CONDITIONS OF ELIGIBILITY FOR ASSIST-

4 ANCE.—No assistance shall be furnished under this title to
5 any nation or organization unless the President shall have
6 found that furnishing such assistance will strengthen the
7 security of the United States and promote world peace. No
8 such assistance shall be furnished to a nation unless it
9 shall have agreed to the provisions required by section 142,
10 and such additional provisions as the President deems neces-
11 sary to effectuate the policies and provisions of this title and
12 to safeguard the interests of the United States.

13 SEC. 142. AGREEMENTS.—No assistance shall be fur-
14 nished to any nation under this title unless such nation shall
15 have agreed to—

16 (1) join in promoting international understanding
17 and good will, and maintaining world peace;

18 (2) take such action as may be mutually agreed
19 upon to eliminate causes of international tension;

20 (3) fulfill the military obligations, if any, which
21 it has assumed under multilateral or bilateral agree-
22 ments or treaties to which the United States is a party;

23 (4) make, consistent with its political and eco-

1 nomic stability, the full contribution permitted by its
2 manpower, resources, facilities, and general economic
3 condition to the development and maintenance of its own
4 defensive strength and the defensive strength of the free
5 world;

6 (5) take all reasonable measures which may be
7 needed to develop its defense capacities;

8 (6) take appropriate steps to insure the effective
9 utilization of the assistance furnished under this title in
10 furtherance of the policies and purposes of this title;

11 (7) impose appropriate restrictions against trans-
12 fer of title to or possession of any equipment and mate-
13 rials, information, or services furnished under chapter 1
14 of this title, without the consent of the President;

15 (8) maintain the security of any article, service,
16 or information furnished under chapter 1 of this title;

17 (9) furnish equipment and materials, services, or
18 other assistance consistent with the Charter of the
19 United Nations, to the United States or to and among
20 other nations to further the policies and purpose of
21 chapter 1 of this title;

22 (10) permit continuous observation and review
23 by United States representatives of programs of as-
24 sistance authorized under this title, including the uti-
25 lization of any such assistance, or provide the United

1 States with full and complete information with re-
2 spect to these matters, as the President may require;
3 and

4 (11) in cases where any commodity is furnished
5 on a grant basis under any provision of this Act other
6 than chapter 1 of title I under arrangements which will
7 result in the accrual of proceeds to the recipient nation
8 from the import or sale thereof, establish a Special
9 Account, and—

10 (i) deposit in the Special Account, under such
11 terms and conditions as may be agreed upon, cur-
12 rency of the recipient nation in amounts equal to
13 such proceeds;

14 (ii) allocate to the use of the United States
15 Government not less than 10 per centum of the
16 amounts deposited in the Special Account; and

17 (iii) utilize the remainder of the Special Ac-
18 count for programs agreed to by the United States
19 to carry out the purposes for which new funds
20 authorized by this Act would themselves be avail-
21 able.

22 Any unencumbered balances of funds deposited in the
23 Special Account after the effective date of this Act
24 which remain in the Account upon termination of assist-
25 ance to such nation under this title shall be disposed of

1 in such manner as may be authorized by Act or joint
2 resolution of the Congress.

3 TITLE II—DEVELOPMENT ASSISTANCE

4 SEC. 201. AUTHORIZATION.—(a) There is hereby
5 authorized to be appropriated to the President for the fiscal
6 year 1955, not to exceed—

7 (1) \$130,000,000 for assistance designed to pro-
8 mote the economic development of the Near East and
9 Africa, and for other types of assistance designed to
10 help maintain economic and political stability in the
11 area;

12 (2) \$85,000,000 for assistance designed to pro-
13 mote the economic development of South Asia and to
14 assist in maintaining economic and political stability in
15 the area; and

16 (3) \$9,000,000 for assistance designed to pro-
17 mote economic development in the other American
18 Republics and non-self-governing territories of the West-
19 ern Hemisphere.

20 Such assistance may be furnished on such terms and con-
21 ditions as the President may specify, except that not less
22 than 50 per centum of the assistance furnished under each
23 paragraph of this subsection shall be furnished on terms
24 of repayment in accordance with section 505.

25 (b) In addition, unexpended balances of appropria-

1 tions heretofore made pursuant to sections 206 and 302
2 (b) of the Mutual Security Act of 1951, as amended, and
3 unexpended balances of funds allocated to the emergency
4 economic aid program for Bolivia are hereby authorized
5 to be continued available for the purposes of this section
6 through June 30, 1955, and to be consolidated with the
7 appropriations authorized by paragraphs (1), (2), and (3)
8 of subsection (a) of this section, respectively.

9 SEC. 202. ADMINISTRATION.—Except as necessary to
10 accomplish the purposes of section 201, programs of assist-
11 ance authorized by that section shall be administered in
12 accordance with sections 301, 302, and 307.

13 TITLE III—TECHNICAL COOPERATION

14 SEC. 301. GENERAL AUTHORITY AND DEFINITION.—It
15 is the purpose of this title to assist the efforts of the peoples
16 of economically underdeveloped areas to achieve economic
17 progress by authorizing measures designed to increase tech-
18 nical knowledge and skills and the flow of investment capital.
19 The President is authorized to furnish assistance in accord-
20 ance with the provisions of this title through bilateral
21 technical cooperation programs. As used in this title, the
22 term “technical cooperation programs” means programs for
23 the international interchange of technical knowledge and
24 skills designed to contribute primarily to the balanced and
25 integrated development of the economic resources and pro-

1 ductive capacities of economically underdeveloped areas.
2 Such activities shall be limited to economic, engineering,
3 medical, educational, agricultural, forestry, fishery, mineral,
4 and fiscal surveys, demonstration, training, and similar proj-
5 ects that serve the purpose of promoting the development of
6 economic resources, productive capacities, and trade of eco-
7 nomically underdeveloped areas, and training in public ad-
8 ministration. The term “technical cooperation programs”
9 does not include such activities authorized by the United
10 States Information and Educational Exchange Act of 1948
11 (62 Stat. 6) as are not primarily related to economic devel-
12 opment, nor activities undertaken now or hereafter pursuant
13 to the International Aviation Facilities Act (62 Stat. 450),
14 nor activities undertaken now or hereafter in the administra-
15 tion of areas occupied by the United States Armed Forces.

16 SEC. 302. PREREQUISITES TO ASSISTANCE.—Assistance
17 shall be made available under section 301 of this Act only
18 where the President determines that the nation being
19 assisted—

20 (a) pays a fair share of the cost of the program;

21 (b) provides all necessary information concerning
22 such program and gives the program full publicity;

23 (c) seeks to the maximum extent possible full co-
24 ordination and integration of technical cooperation pro-
25 grams being carried on in that nation;

(d) endeavors to make effective use of the results of the program; and

(e) cooperates with other nations participating in the program in the mutual exchange of technical knowledge and skills.

SEC. 303. AUTHORIZATION.—There is hereby authorized to be appropriated to the President for the fiscal year 1955 \$112,070,000 for technical cooperation programs in the Near East, Africa, South Asia, Far East and Pacific, and Latin America. In addition, unexpended balances of appropriations heretofore made pursuant to section 543 of the Mutual Security Act of 1951, as amended, are authorized to be continued available for the purposes of this section through June 30, 1955, and to be consolidated with the appropriation authorized by this section.

SEC. 304. LIMITATION ON USE OF FUNDS.—Funds made available under section 303 may be expended to furnish assistance in the form of equipment or commodities only where necessary for instruction or demonstration purposes.

SEC. 305. MULTILATERAL TECHNICAL COOPERATION.—As one means of accomplishing the purposes of this title, the United States is authorized to participate in multilateral technical cooperation programs carried on

1 by the United Nations, the Organization of American
2 States, their related organizations, and other international
3 organizations, wherever practicable. There is hereby au-
4 thorized to be appropriated to carry out the purpose of
5 this section, in addition to the amounts authorized by sec-
6 tion 303, not to exceed—

7 (a) \$17,958,000 for making contributions to the
8 United Nations Expanded Program of Technical
9 Assistance;

10 (b) \$1,500,000 for making contributions to the
11 technical cooperation program of the Organization of
12 American States.

13 SEC. 306. ADVANCES AND GRANTS; CONTRACTS.—
14 The President may make advances and grants-in-aid of
15 technical cooperation programs to any person, corpora-
16 tion, or other body of persons or to any foreign gov-
17 ernment agency. The President may make and perform
18 contracts and agreements in respect of technical cooper-
19 ation programs on behalf of the United States Govern-
20 ment with any person, corporation, or other body of
21 persons however designated, whether within or without
22 the United States, or with any foreign government or
23 foreign government agency. A contract or agreement
24 which entails commitments for the expenditure of funds
25 appropriated pursuant to this title may, subject to any

1 future action of the Congress, run for not to exceed three
2 years.

3 SEC. 307. INTERNATIONAL DEVELOPMENT ADVISORY
4 BOARD.—There shall be an advisory board, referred to in this
5 section as the “Board”, which shall advise and consult with
6 the President, or such other officer as he may designate to
7 administer this title, with respect to general or basic policy
8 matters arising in connection with the operation of pro-
9 grams authorized by this title, title II, and section 414 (b).
10 The Board shall consist of not more than thirteen members
11 appointed by the President, one of whom, by and with the
12 advice and consent of the Senate, shall be appointed by him
13 as chairman. The members of the Board shall be broadly
14 representative of voluntary agencies and other groups in-
15 terested in the programs, including business, labor, agricul-
16 ture, public health, and education. All members of the
17 Board shall be citizens of the United States; none except
18 the chairman shall be an officer or an employee of the
19 United States (including any United States Government
20 agency) who as such regularly receives compensation for
21 current services. Members of the Board, other than the
22 chairman if he is an officer of the United States Govern-
23 ment, shall receive out of funds made available for the pur-

1 pose of this title a per diem allowance of \$50 for each day
2 spent away from their homes or regular places of business
3 for the purpose of attendance at meetings of the Board or
4 at conferences held upon the call of the chairman, and in
5 necessary travel, and while so engaged they may be paid
6 actual travel expenses and not to exceed \$10 per diem in
7 lieu of subsistence and other expenses.

8 SEC. 308. JOINT COMMISSION ON RURAL RECON-
9 STRUCTION IN CHINA.—The President is authorized to con-
10 tinue to participate in the Joint Commission on Rural Re-
11 construction in China and to appoint citizens of the United
12 States to the Commission.

13 TITLE IV—OTHER PROGRAMS

14 SEC. 401. SPECIAL FUND.—Of the funds made avail-
15 able under this Act, not to exceed \$150,000,000 may be
16 expended, without regard to the requirements of this Act
17 or any other Act for which funds are authorized by this
18 Act, in furtherance of any of the purposes of such Acts,
19 when the President determines that such use is important
20 to the security of the United States. Not to exceed \$100,-
21 000,000 of the funds available under this section may be
22 expended for any selected persons who are residing in or
23 escapees from the Soviet Union, Poland, Czechoslovakia,
24 Hungary, Rumania, Bulgaria, Albania, Lithuania, Latvia,
25 and Estonia or the Communist-dominated or Communist-

1 occupied areas of Germany and Austria, or any Communist-
2 dominated or Communist-occupied areas of Asia and any
3 other countries absorbed by the Soviet Union, either to
4 form such persons into elements of the military forces sup-
5 porting the North Atlantic Treaty Organization or for other
6 purposes, when the President determines that such assist-
7 ance will contribute to the defense of the North Atlantic
8 area or to the security of the United States. Certification
9 by the President of amounts expended under this section
10 up to a total of \$50,000,000, and that it is inadvisable to
11 specify the nature of such expenditures, shall be deemed a
12 sufficient voucher for such amounts. Not more than \$20,-
13 000,000 of the funds available under this section may be
14 allocated to any one nation.

15 SEC. 402. EARMARKING OF FUNDS.—(a) Of the funds
16 made available pursuant to this Act, not less than \$500,-
17 000,000 shall be used to finance the purchase of surplus
18 agricultural commodities, or products thereof, produced in
19 the United States, pursuant to title I of the Agricultural
20 Trade Development and Assistance Act of 1954.

21 (b) The authority for this section shall not be in addi-
22 tion to the authorization provided for title I of the Agri-
23 cultural Trade Development and Assistance Act of 1954.

24 SEC. 403. SPECIAL ASSISTANCE IN JOINT CONTROL
25 AREAS.—The President is hereby authorized to furnish com-

1 commodities, services, and financial and other assistance to
2 nations and areas for which the United States has respon-
3 sibility as a result of participation in joint control arrange-
4 ments where found by the President to be in the interest of
5 the security of the United States. There is hereby authorized
6 to be appropriated to the President for the fiscal year 1955
7 not to exceed \$25,000,000 to carry out this section.

8 SEC. 404. RESPONSIBILITIES IN GERMANY.—Upon
9 approval by the Secretary of State, a part of the German
10 currency now or hereafter deposited under the bilateral
11 agreement of December 15, 1949, between the United States
12 and the Federal Republic of Germany (or any supplementary
13 or succeeding agreement) shall be deposited in the GARIOA
14 (Government and Relief in Occupied Areas) Special Ac-
15 count under the terms of article V of that agreement, and
16 currency which has been or may be deposited in said ac-
17 count, and any portion of funds made available for assist-
18 ance to the Federal Republic of Germany pursuant to section
19 403 of this Act, may be used for expenses necessary to
20 meet the responsibilities or objectives of the United States in
21 Germany, including responsibilities arising under the supreme
22 authority assumed by the United States on June 5, 1945,
23 and under contractual arrangements with the Federal Re-
24 public of Germany. Expenditures may be made under

1 authority of this section in amounts and under conditions
2 determined by the Secretary of State after consultation with
3 the official primarily responsible for administration of pro-
4 grams under chapter 3 of title I, and without regard to any
5 provision of law which the President determines must be
6 disregarded in order to meet such responsibilities or
7 objectives.

8 SEC. 405. MOVEMENT OF MIGRANTS AND REFU-
9 GEES.—(a) For the purpose of assisting in the movement of
10 migrants, there is hereby authorized to be appropriated
11 not to exceed \$11,700,000 for contributions during the
12 calendar year 1955 to the Intergovernmental Committee
13 for European Migration, and thereafter such amounts as
14 may be necessary from time to time for the payment by
15 the United States of its contributions to the Committee
16 and all necessary salaries and expenses incident to United
17 States participation in the Committee. In addition, the
18 unexpended balance of the appropriation made pursuant
19 to section 534 of the Mutual Security Act of 1951, as
20 amended, is hereby authorized to be continued available
21 for the purpose of this section through June 30, 1955,
22 and to be consolidated with the appropriation authorized
23 in this section.

24 (b) Of the funds made available under this Act, not

1 more than \$800,000 may be used by the President to
2 facilitate the migration to the other American Republics
3 of persons resident in that portion of the Ryukyu Island
4 Archipelago under United States control.

5 (c) There is hereby authorized to be appropriated
6 for the fiscal year 1955 not to exceed \$500,000 for con-
7 tributions to the United Nations Refugee Emergency Fund.

8 SEC. 406. CHILDREN'S WELFARE.—There is hereby
9 authorized to be appropriated not to exceed \$13,500,000
10 for contributions during the fiscal year 1955 to the United
11 Nations Children's Fund.

12 SEC. 407. PALESTINE REFUGEES IN THE NEAR EAST.—
13 There is hereby authorized to be appropriated to the Presi-
14 dent for the fiscal year 1955, not to exceed \$30,000,000,
15 to be used to make contributions to the United Nations
16 Relief and Works Agency for Palestine Refugees in the
17 Near East. In addition, the unexpended balance of the
18 appropriation made for the Palestine refugee program in
19 the Mutual Security Appropriation Act, 1954, is hereby
20 authorized to be continued available for the purpose of
21 this section through June 30, 1955: *Provided*, That when-
22 ever the President shall determine that it would more
23 effectively contribute to the relief, rehabilitation, and re-
24 settlement of Palestine refugees in the Near East, he may

1 expend any part of such unexpended balance through any
2 other agency he may designate.

3 SEC. 408. NORTH ATLANTIC TREATY ORGANIZA-
4 TION.—(a) In order to provide for United States partici-
5 pation in the North Atlantic Treaty Organization, there
6 is hereby authorized to be appropriated for the fiscal year
7 1955 not to exceed \$3,200,000 for payment by the United
8 States of its share of the expenses of the Organization.

9 (b) The United States permanent representative to the
10 North Atlantic Treaty Organization shall be appointed by the
11 President by and with the advice and consent of the Senate
12 and shall hold office at the pleasure of the President. Such
13 representative shall have the rank and status of ambassador
14 extraordinary and plenipotentiary and shall be a chief of
15 mission, class 1, within the meaning of the Foreign Service
16 Act of 1946, as amended (22 U. S. C. 801).

17 (c) Persons detailed to the international staff of the
18 North Atlantic Treaty Organization in accordance with sec-
19 tion 529 of this Act who are appointed as Foreign Service
20 Reserve officers may serve for periods of more than four
21 years notwithstanding the limitation in section 522 of the
22 Foreign Service Act of 1946, as amended (22 U. S. C. 922).

23 SEC. 409. OCEAN FREIGHT CHARGES.—(a) In order
24 to further the efficient use of United States voluntary con-

1 tributions for relief and rehabilitation in nations eligible
2 for assistance under this Act, the President may pay ocean
3 freight charges from United States ports to designated ports
4 of entry of such nations on shipments by United States
5 voluntary nonprofit relief agencies registered with and ap-
6 proved by the Advisory Committee on Voluntary Foreign
7 Aid and shipments by the American Red Cross.

8 (b) Where practicable the President shall make ar-
9 rangements with the receiving nation for free entry of such
10 shipments and for the making available by that nation of local
11 currencies for the purpose of defraying the transportation cost
12 of such shipments from the port of entry of the receiving
13 nation to the designated shipping point of the consignee.

14 (c) There is hereby authorized to be appropriated to the
15 President for the fiscal year 1955 not to exceed \$4,400,-
16 000 to carry out the purposes of this section; and, in addition,
17 unexpended balances of appropriations heretofore made pur-
18 suant to section 535 of the Mutual Security Act of 1951, as
19 amended, are authorized to be continued available for the
20 purposes of this section through June 30, 1955, and to be
21 consolidated with the appropriation authorized in this section.

22 (d) In addition, any funds made available under this
23 Act may be used, in amounts determined by the Presi-
24 dent, to pay ocean freight charges on shipments of surplus

1 agricultural commodities, including commodities made avail-
2 able pursuant to any Act for the disposal abroad of United
3 States agricultural surpluses.

4 SEC. 410. CONTROL ACT EXPENSES.—There is hereby
5 authorized to be appropriated to the President for the
6 fiscal year 1955 not to exceed \$1,300,000 for carrying out
7 the objectives of the Mutual Defense Assistance Control
8 Act of 1951 (22 U. S. C. 1611). In addition, in accordance
9 with section 303 of that Act, funds made available for
10 carrying out chapter 1 of title I of this Act shall be avail-
11 able for carrying out the purpose of this section in such
12 amounts as the President may direct.

13 SEC. 411. ADMINISTRATIVE EXPENSES.—(a) When-
14 ever possible, the expenses of administration of this Act shall
15 be paid for in the currency of the nation where the expense is
16 incurred.

17 (b) There is hereby authorized to be appropriated to
18 the President for the fiscal year 1955 not to exceed \$35,-
19 900,000 for all necessary administrative expenses incident
20 to carrying out the provisions of this Act other than chapter
21 1 of title I, including expenses for compensation, allowances
22 and travel of personnel, including Foreign Service personnel
23 whose services are utilized primarily for the purposes of this
24 Act, and, without regard to the provisions of any other law,

1 for printing and binding, and for expenditures outside the
2 continental limits of the United States for the procurement of
3 supplies and services and for other administrative purposes
4 (other than compensation of personnel) without regard to
5 such laws and regulations governing the obligation and ex-
6 penditure of Government funds as may be necessary to ac-
7 complish the purposes of this Act.

8 SEC. 412. STRATEGIC MATERIALS.—In order to reduce
9 the drain on United States resources and to assure the produc-
10 tion of adequate supplies of essential raw materials for the
11 collective defense of the free world, the President is author-
12 ized to initiate projects for, and assist in procuring and stim-
13 ulating increased production of, materials in which deficien-
14 cies or potential deficiencies in supply exist in the United
15 States or among nations receiving United States assistance.
16 The unexpended balance of funds made available pursuant
17 to section 514 of the Mutual Security Act of 1951, as
18 amended, is hereby authorized to be continued available for
19 the purpose of this section through June 30, 1955.

20 SEC. 413. CHINESE AND KOREAN STUDENTS.—Funds
21 heretofore allocated to the Secretary of State pursuant to
22 the last proviso of section 202 of the China Area Aid Act
23 of 1950 (22 U. S. C. 1547) shall continue to be available
24 until expended, under such regulations as the Secretary of
25 State may prescribe, using private agencies to the maximum

1 extent practicable, for necessary expenses of tuition, subsist-
2 ence, transportation, and emergency medical care for selected
3 citizens of China and of Korea for studying or teaching in
4 accredited colleges, universities, or other educational insti-
5 tutions in the United States approved by the Secretary of
6 State for the purpose, or for research and related academic
7 and technical activities in the United States, and such
8 selected citizens of China who have been admitted for the
9 purpose of study in the United States shall be granted per-
10 mission to accept employment upon application filed with
11 the Commissioner of Immigration and Naturalization pur-
12 suant to regulations promulgated by the Attorney General.

13 SEC. 414. ENCOURAGEMENT OF FREE ENTERPRISE
14 AND PRIVATE PARTICIPATION.—(a) It is declared to be
15 the policy of the United States to encourage the efforts of
16 other free nations to increase the flow of international trade,
17 to foster private initiative and competition, to discourage
18 monopolistic practices, to improve the technical efficiency of
19 their industry, agriculture and commerce, and to strengthen
20 free labor unions; and to encourage the contribution of United
21 States enterprise toward the economic strength of other
22 free nations, through private trade and investment abroad,
23 private participation in the programs carried out under this
24 Act (including the use of private trade channels to the maxi-
25 mum extent practicable in carrying out such programs), and

1 exchange of ideas and technical information on the matters
2 covered by this section.

3 (b) In order to encourage and facilitate participation
4 by private enterprise to the maximum extent practicable in
5 achieving any of the purposes of this Act, the President—

6 (1) shall make arrangements to find and draw the
7 attention of private enterprise to opportunities for in-
8 vestment and development in other free nations;

9 (2) shall accelerate a program of negotiating
10 treaties for commerce and trade, or other temporary
11 arrangements where more suitable or expeditious, which
12 shall include provisions to encourage and facilitate the
13 flow of private investment to nations participating in
14 programs under this Act; and

15 (3) may make, until June 30, 1957, under rules
16 and regulations prescribed by him, guaranties to any
17 person of investments in connection with projects, in-
18 cluding expansion, modernization, or development of
19 existing enterprises, in any nation with which the United
20 States has agreed to institute the guaranty program:

21 *Provided, That—*

22 (A) such projects shall be approved by the
23 President as furthering any of the purposes of this
24 Act, and by the nation concerned;

1 (B) the guaranty to any person shall be limited
2 to assuring any or all of the following:

3 (i) the transfer into United States dollars
4 of other currencies, or credits in such currencies,
5 received by such person as earnings or profits
6 from the approved project, as repayment or
7 return of the investment therein, in whole or in
8 part, or as compensation for the sale or dis-
9 position of all or any part thereof;

10 (ii) the compensation in United States
11 dollars for loss of all or any part of the invest-
12 ment in the approved project which shall be
13 found to have been lost to such person by rea-
14 son of expropriation or confiscation by action of
15 the government of a foreign nation or by reason
16 of war, revolution or insurrection;

17 (C) when any payment is made to any person
18 pursuant to a guaranty as hereinbefore described,
19 the currency, credits, assets, or investment on ac-
20 count of which such payment is made shall become
21 the property of the United States Government, and
22 the United States Government shall be subrogated
23 to any right, title, claim or cause of action existing
24 in connection therewith;

1 (D) the guaranty to any person shall not ex-
2 ceed the amount of dollars invested in the project
3 by such person with the approval of the President
4 plus actual earnings or profits on said project to
5 the extent provided by such guaranty, and shall be
6 limited to a term not exceeding twenty years from
7 the date of issuance;

8 (E) a fee shall be charged in an amount not
9 exceeding 1 per centum per annum of the amount
10 of each guaranty under clause (i) of subparagraph
11 (B), and not exceeding 4 per centum per annum of
12 the amount of each guaranty under clause (ii) of
13 such subparagraph, and all fees collected hereunder
14 shall be available for expenditure in discharge of
15 liabilities under guaranties made under this section
16 until such time as all such liabilities have been dis-
17 charged or have expired, or until all such fees have
18 been expended in accordance with the provisions of
19 this section;

20 (F) the President is authorized to issue guar-
21 anties up to a total of \$200,000,000: *Provided,*
22 That any funds allocated to a guaranty and remain-
23 ing after all liability of the United States assumed
24 in connection therewith has been released, dis-
25 charged, or otherwise terminated, shall be available

1 for allocation to other guaranties, the foregoing limi-
2 tation notwithstanding. Any payments made to
3 discharge liabilities under guaranties issued under
4 this subsection shall be paid out of fees collected
5 under subparagraph (E) as long as such fees are
6 available, and thereafter shall be paid out of funds
7 realized from the sale of notes which have been
8 issued under authority of paragraph 111 (c) (2)
9 of the Economic Cooperation Act of 1948, as
10 amended, when necessary to discharge liabilities
11 under any such guaranty;

12 (G) the guaranty program authorized by this
13 paragraph shall be used to the maximum prac-
14 ticable extent and shall be administered under
15 broad criteria so as to facilitate and increase the
16 participation of private enterprise in achieving
17 any of the purposes of this Act;

18 (H) as used in this paragraph—

19 (i) the term “person” means a citizen of
20 the United States or any corporation, partner-
21 ship, or other association created under the
22 law of the United States or of any State or
23 Territory and substantially beneficially owned
24 by citizens of the United States, and

1 (ii) the term "investment" includes any
2 contribution of capital goods, materials, equip-
3 ment, services, patents, processes, or tech-
4 niques by any person in the form of (1) a
5 loan or loans to an approved project, (2) the
6 purchase of a share of ownership in any such
7 project, (3) participation in royalties, earn-
8 ings, or profits of any such project, and (4)
9 the furnishing of capital goods items and
10 related services pursuant to a contract pro-
11 viding for payment in whole or in part after
12 the end of the fiscal year in which the guar-
13 anty of such investment is made.

14 SEC. 415. EMIGRATION TO U. S. S. R.—Funds made
15 available pursuant to this Act may be used to pay the ex-
16 penses of travel of any resident in the United States to the
17 Union of Soviet Socialist Republics for the purpose of estab-
18 lishing permanent residence there: *Provided*, That such resi-
19 dent shall not be readmitted to the United States.

20 SEC. 416. MUNITIONS CONTROL.—(a) The President
21 is authorized to control, in furtherance of world peace and
22 the security and foreign policy of the United States, the
23 export and import of arms, ammunition, and implements
24 of war, other than by a United States Government agency.
25 The President is authorized to designate those articles

1 which shall be considered as arms, ammunition, and im-
2 plements of war for the purposes of this section.

3 (b) As prescribed in regulations issued under this sec-
4 tion, every person who engages in the business of manufac-
5 turing, exporting, or importing any arms, ammunition, or
6 implements of war designated by the President under sub-
7 section (a) shall register with the United States Govern-
8 ment agency charged with the administration of this section
9 and, in addition, shall pay a registration fee which shall be
10 prescribed by such regulations.

11 (c) Any person who willfully violates any provision
12 of this section or any rule or regulation issued under this
13 section, or who willfully, in a registration or license appli-
14 cation, makes any untrue statement of a material fact or
15 omits to state a material fact required to be stated therein
16 or necessary to make the statements therein not mislead-
17 ing, shall upon conviction be fined not more than \$25,000
18 or imprisoned not more than two years, or both.

19 SEC. 417. ASSISTANCE TO INTERNATIONAL ORGANI-
20 ZATION.—Whenever it will assist in achieving purposes
21 declared in this Act, the President is authorized to use funds
22 available under sections 131 and 403 in order to furnish
23 assistance, including by transfer of funds, directly to the
24 North Atlantic Treaty Organization, for a strategic stock-
25 pile of foodstuffs and other supplies, or for other purposes.

1 SEC. 418. FACILITATION AND ENCOURAGEMENT OF
2 TRAVEL.—The President, through such officer or commis-
3 sion as he may designate, shall facilitate and encourage,
4 without cost to the United States except for administrative
5 expenses, the promotion and development of travel by
6 citizens of the United States to and within countries receiving
7 assistance under this Act and travel by citizens of such
8 countries to the United States.

9 TITLE V—MISCELLANEOUS PROVISIONS

10 CHAPTER 1. GENERAL PROVISIONS

11 SEC. 501. TRANSFERABILITY OF FUNDS.—Whenever
12 the President determines it to be necessary for the purposes
13 of this Act, not to exceed 10 per centum of the funds made
14 available pursuant to any provision of this Act may be trans-
15 ferred to and consolidated with the funds made available
16 pursuant to any other provision of this Act, and may be
17 used for any of the purposes for which such funds may be
18 used, except that the total in the provision for the bene-
19 fit of which the transfer is made shall not be increased by
20 more than 10 per centum of the amount made available for
21 such provision pursuant to this Act. Funds transferred under
22 this section to furnish military assistance under chapter 1 of
23 title I may be expended without regard to the area limits

1 imposed by section 106 (c). Not less than 50 per centum
2 of any assistance furnished under paragraph (1), (2), or
3 (3) of section 201 (a) with funds transferred under this
4 section shall be furnished on terms of repayment in ac-
5 cordance with section 505.

6 SEC. 502. USE OF FOREIGN CURRENCY.—(a) Notwith-
7 standing section 1415 of the Supplemental Appropriation
8 Act, 1953, or any other provision of law, proceeds of sales
9 made under section 550 of the Mutual Security Act of 1951,
10 as amended, shall remain available and shall be used for any
11 of the purposes of this Act, giving particular regard to the
12 following purposes—

13 (1) for providing military assistance to nations or
14 mutual defense organizations eligible to receive assist-
15 ance under this Act;

16 (2) for purchase of goods or services in friendly
17 nations;

18 (3) for loans, under applicable provisions of this
19 Act, to increase production of goods or services, includ-
20 ing strategic materials, needed in any nation with
21 which an agreement was negotiated, or in other friendly
22 nations, with the authority to use currencies received

1 in repayment for the purposes stated in this section or
2 for deposit to the general account of the Treasury of
3 the United States;

4 (4) for developing new markets on a mutually
5 beneficial basis;

6 (5) for grants-in-aid to increase production for
7 domestic needs in friendly countries;

8 (6) for purchasing materials for United States
9 stockpiles; and

10 (7) for financing international educational exchange
11 activities under the programs authorized by section 32

12 (b) (2) of the Surplus Property Act of 1944, as
13 amended (50 U. S. C. App. 1641 (b)).

14 (b) Notwithstanding section 1415 of the Supplemental
15 Appropriation Act, 1953, or any other provision of law, local
16 currencies owned by the United States shall be made avail-
17 able to appropriate committees of the Congress engaged in
18 carrying out their duties under section 136 of the Legislative
19 Reorganization Act of 1946, as amended, for their local cur-
20 rency expenses: *Provided*, That any such committee of the
21 Congress which uses local currency shall make a full account-
22 ing thereof to the Committee on House Administration of the
23 House of Representatives (if the committee using such cur-
24 rency is a committee of the House of Representatives) or to
25 the Committee on Rules and Administration of the Senate (if

1 the committee using such currency is a committee of the
2 Senate), showing the total amount of such currency so used
3 in each country and the purposes for which it was expended.

4 SEC. 503. TERMINATION OF ASSISTANCE.—(a) If the
5 President determines that the furnishing of assistance to any
6 nation under any provision of this Act—

7 (1) is no longer consistent with the national inter-
8 est or security or the foreign policy of the United
9 States; or

10 (2) would no longer contribute effectively to the
11 purposes for which such assistance is furnished; or

12 (3) is no longer consistent with the obligations and
13 responsibilities of the United States under the Charter
14 of the United Nations,

15 he shall terminate all or part of any assistance furnished
16 pursuant to this Act. If the President determines that any
17 nation which is receiving assistance under chapter 1 of
18 title I of this Act is not making its full contribution to
19 its own defense or to the defense of the area of which
20 it is a part, he shall terminate all or part of such
21 assistance.

22 (b) Assistance to any nation under any provision of
23 this Act may, unless sooner terminated by the President,
24 be terminated by concurrent resolution.

25 (c) Funds made available under this Act shall remain

1 available for twelve months from the date of termination
2 under this section for the necessary expenses of liquidating
3 assistance programs.

4 SEC. 504. SMALL BUSINESS.—(a) Insofar as practica-
5 ble and to the maximum extent consistent with the accom-
6 plishment of the purposes of this Act, the President shall as-
7 sist American small business to participate equitably in the
8 furnishing of commodities and services financed with funds
9 authorized under titles II, III, and IV, and chapters 2 and
10 3 of title I, of this Act—

11 (1) by causing to be made available to suppliers in
12 the United States and particularly to small independent
13 enterprises, information, as far in advance as possible,
14 with respect to purchases proposed to be financed with
15 such funds,

16 (2) by causing to be made available to prospective
17 purchasers in the nations receiving assistance under this
18 Act information as to commodities and services produced
19 by small independent enterprises in the United States,
20 and

21 (3) by providing for additional services to give
22 small business better opportunities to participate in the
23 furnishing of commodities and services financed with
24 such funds.

1 (b) There shall be an Office of Small Business, headed
2 by a Special Assistant for Small Business, in such United
3 States Government agency as the President may direct, to
4 assist in carrying out the provisions of subsection (a) of this
5 section.

6 (c) The Secretary of Defense shall assure that there is
7 made available to suppliers in the United States, and particu-
8 larly to small independent enterprises, information
9 with respect to purchases made by the Department of De-
10 fense pursuant to chapter 1 of title I, such information
11 to be furnished as far in advance as possible.

12 SEC. 505. LOAN ASSISTANCE.—(a) Not less than 10
13 per centum of the amounts obligated from funds appropriated
14 pursuant to titles I and II (excluding funds previously
15 appropriated and continued available pursuant to such titles)
16 shall be obligated for furnishing assistance on terms of repay-
17 ment (including repayment in foreign currencies or by trans-
18 fer to the United States of materials required for stockpiling
19 or other purposes).

20 (b) Funds for the purpose of furnishing assistance on
21 terms of repayment shall be allocated to the Export-Import
22 Bank of Washington, which shall, notwithstanding the pro-
23 visions of the Export-Import Bank Act of 1945 (59 Stat.
24 526), as amended, make and administer the credit on such

1 terms. Credits made by the Export-Import Bank of Wash-
2 ington with funds so allocated to it shall not be considered in
3 determining whether the Bank has outstanding at any one
4 time loans and guaranties to the extent of the limitation im-
5 posed by section 7 of the Export-Import Bank Act of 1945
6 (59 Stat. 529), as amended. Amounts received in repay-
7 ment of principal and interest on any loan made under this
8 section shall be held by the Treasury to be used for such pur-
9 poses, including further loans, as may be authorized from
10 time to time by Congress. Amounts received in repayment
11 of principal and interest on any credits made under paragraph
12 111 (c) (2) of the Economic Cooperation Act of 1948, as
13 amended, shall be deposited into miscellaneous receipts of the
14 Treasury, except that, to the extent required for such pur-
15 pose, amounts received in repayment of principal and interest
16 on any credits made out of funds realized from the sale of
17 notes heretofore authorized to be issued for the purpose of
18 financing assistance on a credit basis under paragraph 111
19 (c) (2) of the Economic Cooperation Act of 1948, as
20 amended, shall be deposited into the Treasury for the pur-
21 pose of the retirement of such notes.

22 SEC. 506. PATENTS AND TECHNICAL INFORMATION.—

23 (a) As used in this section—

24 (1) the term “invention” means an invention or

1 discovery covered by a patent issued by the United
2 States; and

3 (2) the term "information" means information
4 originated by or peculiarly within the knowledge of the
5 owner thereof and those in privity with him, which is
6 not available to the public and is subject to protection as
7 property under recognized legal principles.

8 (b) Whenever, in connection with the furnishing of
9 any assistance in furtherance of the purposes of this Act—

10 (1) use within the United States, without author-
11 ization by the owner, shall be made of an invention; or

12 (2) damage to the owner shall result from the
13 disclosure of information by reason of acts of the United
14 States or its officers or employees,

15 the exclusive remedy of the owner of such invention or
16 information shall be by suit against the United States in
17 the Court of Claims or in the District Court of the United
18 States for the district in which such owner is a resident
19 for reasonable and entire compensation for unauthorized
20 use or disclosure. In any such suit the United States may
21 avail itself of any and all defenses, general or special, that
22 might be pleaded by any defendant in a like action.

23 (c) Before such suit against the United States has been
24 instituted, the head of the appropriate United States Gov-

1 ernment agency, which has furnished any assistance in fur-
2 therance of the purposes of this Act, is authorized and em-
3 powered to enter into an agreement with the claimant, in
4 full settlement and compromise of any claim against the
5 United States hereunder.

6 (d) The provisions of the last sentence of section 1498
7 of title 28 of the United States Code shall apply to inven-
8 tions and information covered by this section.

9 (e) Except as otherwise provided by law, no recovery
10 shall be had for any infringement of a patent committed
11 more than six years prior to the filing of the complaint or
12 counterclaim for infringement in the action, except that the
13 period between the date of receipt by the Government of a
14 written claim under subsection (c) above for compensa-
15 tion for infringement of a patent and the date of mailing
16 by the Government of a notice to the claimant that his
17 claim has been denied shall not be counted as part of the
18 six years, unless suit is brought before the last-mentioned
19 date.

20 SEC. 507. AVAILABILITY OF FUNDS.—Except as other-
21 wise provided in sections 104, 105, 405, and 413, funds
22 shall be available to carry out the provisions of this Act
23 (other than sections 416 and 418) as authorized and appro-
24 priated to the President each fiscal year.

1 SEC. 508. LIMITATION ON FUNDS FOR PROPAGANDA.—

2 None of the funds herein authorized to be appropriated nor
3 any counterpart funds shall be used to pay for personal
4 services or printing, or for other expenses of the dissemina-
5 tion within the United States of general propaganda in sup-
6 port of the mutual security program, or to pay the travel or
7 other expenses outside the United States of any citizen or
8 group of citizens of the United States for the purpose of
9 publicizing such program within the United States.

10 SEC. 509. PURCHASE OF COMMODITIES.—No funds

11 made available under title II or chapter 3 of title I of this
12 Act shall be used for the purchase in bulk of any commodi-
13 ties at prices higher than the market price prevailing in the
14 United States at the time of the purchase adjusted for differ-
15 ences in the cost of transportation to destination, quality,
16 and terms of payment. A bulk purchase within the mean-
17 ing of this section does not include the purchase of raw
18 cotton in bales. Funds made available under title II or
19 chapter 3 of title I of this Act may be used for the pro-
20 curement of commodities outside the United States unless
21 the President determines that such procurement will result
22 in adverse effects upon the economy of the United States,
23 with special reference to any areas of labor surplus, or upon
24 the industrial mobilization base, which outweigh the eco-

1 nomic advantages to the United States of less costly procure-
2 ment abroad. In providing for the procurement of any
3 surplus agricultural commodity for transfer by grant under
4 this Act to any recipient nation in accordance with the
5 requirements of such nation, the President shall, insofar as
6 practicable and where in furtherance of the purposes of this
7 Act, authorize the procurement of such surplus agricultural
8 commodity only within the United States except to the ex-
9 tent that any such surplus agricultural commodity is not
10 available in the United States in sufficient quantities to sup-
11 ply the requirements of the nations receiving assistance
12 under this Act.

13 SEC. 510. RETENTION AND RETURN OF EQUIP-
14 MENT.—(a) No equipment or materials may be transferred
15 under title I out of military stocks if the Secretary of De-
16 fense, after consultation with the Joint Chiefs of Staff, de-
17 termines that such transfer would be detrimental to the
18 national security of the United States, or that such equip-
19 ment or materials are needed by the reserve components of
20 the Armed Forces to meet their training requirements.

21 (b) Any equipment, materials, or commodities pro-
22 cured to carry out this Act shall be retained by, or, upon re-
23 imbursement, transferred to and for the use of, such United
24 States Government agency as the President may determine

1 in lieu of being disposed of to a foreign nation or interna-
2 tional organization whenever in the judgment of the Presi-
3 dent the best interests of the United States will be served
4 thereby, or whenever such retention is called for by concur-
5 rent resolution. Any commodities so retained may be dis-
6 posed of without regard to provisions of law relating to the
7 disposal of Government-owned property, when necessary to
8 prevent spoilage or wastage of such commodities or to con-
9 serve the usefulness thereof. Funds realized from any such
10 disposal or transfer shall revert to the respective appropriation
11 or appropriations out of which funds were expended for the
12 procurement of such equipment, materials, or commodities or
13 to appropriations currently available for such procurement.

14 (c) The President shall make appropriate arrange-
15 ments with each nation receiving equipment or materials
16 under chapter 1 of title I (other than equipment or
17 materials sold under the provisions of section 107) for the
18 return to the United States (1) for salvage or scrap, or (2)
19 for such other disposition as the President shall deem to be
20 in the interest of mutual security, of any such equipment or
21 materials which are no longer required for the purposes for
22 which originally made available.

23 SEC. 511. PENAL PROVISION.—Whoever offers or gives
24 to anyone who is or in the preceding two years has been an

1 employee or officer of the United States any commission,
2 payment, or gift, in connection with the procurement of
3 equipment, materials, commodities, or services under this
4 Act in connection with which procurement said officer,
5 employee, former officer or former employee is or was
6 employed or performed duty or took any action during such
7 employment, and whoever, being or having been an em-
8 ployee or officer of the United States in the preceding two
9 years, solicits, accepts, or offers to accept any commission,
10 payment, or gift in connection with the procurement of
11 equipment, materials, commodities, or services under this
12 Act in connection with which procurement said officer,
13 employee, former officer or former employee is or was
14 employed or performed duty or took any action during such
15 employment, shall upon conviction thereof be subject to a
16 fine of not to exceed \$10,000 or imprisonment for not to
17 exceed three years, or both: *Provided*, That this section
18 shall not apply to persons appointed pursuant to sections
19 307 or 530 (a) of this Act.

20 SEC. 512. NOTICE TO LEGISLATIVE COMMITTEES.—
21 When any transfer is made under section 106 (d) or section
22 501, or any other action is taken under this Act which will
23 result in furnishing assistance of a kind, for a purpose, or to

1 an area, substantially different from that included in the
2 presentation to the Congress during its consideration of this
3 Act, or which will result in expenditures greater by 50 per
4 centum or more than the proposed expenditures included in
5 such presentation for the program or project concerned,
6 the President or such officer as he may designate shall
7 promptly notify the Committee on Foreign Relations of the
8 Senate, the Committee on Foreign Affairs of the House of
9 Representatives and, when military assistance is involved,
10 the Committees on Armed Services of the Senate and
11 House of Representatives, stating the justification for such
12 change. Notice shall also be given to the Committee on
13 Foreign Relations of the Senate and the Committee on
14 Foreign Affairs of the House of Representatives of any
15 determination under the first sentence of section 401 (except
16 with respect to unvouchered funds), and copies of any
17 certification as to loyalty under section 531 shall be filed
18 with such committees.

19 CHAPTER 2. ORGANIZATION AND ADMINISTRATION

20 SEC. 521. DELEGATION OF AUTHORITY BY THE PRESI-
21 DENT.—The President may exercise any power or authority
22 conferred on him by this Act through such agency or officer
23 of the United States as he shall direct, and the head of such

1 agency or such officer may from time to time promulgate
2 such rules and regulations as may be necessary and proper
3 to carry out functions under this Act and may delegate
4 authority to perform any of such functions to his subordi-
5 nates acting under his direction.

6 SEC. 522. ALLOCATION AND REIMBURSEMENT AMONG
7 AGENCIES.—(a) The President may allocate or transfer to
8 any United States Government agency any part of any
9 funds available for carrying out the purposes of this
10 Act, including any advance to the United States by any
11 nation or international organization for the procurement
12 of equipment or materials or services. Such funds shall
13 be available for obligation and expenditure for the pur-
14 poses for which authorized, in accordance with authority
15 granted in this Act or under authority governing the
16 activities of the Government agencies to which such funds
17 are allocated or transferred. Funds allocated to the Depart-
18 ment of Defense shall be governed by the procedures of
19 subsection (c) of this section.

20 (b) Any officer of the United States performing func-
21 tions under this Act may utilize the services and facilities
22 of, or procure commodities from, any United States Gov-
23 ernment agency as the President shall direct, or with the
24 consent of the head of such agency, and funds allocated
25 pursuant to this subsection to any such agency may be

1 established in separate appropriation accounts on the books
2 of the Treasury.

3 (c) Reimbursement shall be made to any United States
4 Government agency, from funds available to carry out
5 chapter 1 of title I of this Act, for any assistance fur-
6 nished under that chapter from, by, or through such
7 agency. Such reimbursement shall be in an amount equal
8 to the value (as defined in section 545) of the equipment
9 and materials, services (other than salaries of members
10 of the Armed Forces of the United States), or other assist-
11 ance furnished, plus expenses arising from or incident to
12 operations under that chapter. The amount of any such
13 reimbursement shall be credited as reimbursable receipts
14 to current applicable appropriations, funds, or accounts of
15 such agency and shall be available for, and under the
16 authority applicable to, the purposes for which such appro-
17 priations, funds, or accounts are authorized to be used,
18 including the procurement of equipment and materials
19 or services, required by such agency, in the same general
20 category as those furnished by it or authorized to be
21 procured by it and expenses arising from and incident
22 to such procurement.

23 (d) In the case of any commodity, service, or facility
24 procured from any United States Government agency under

1 any provision of this Act other than chapter 1 of title I,
2 reimbursement or payment shall be made to such agency
3 from funds available to carry out such provision. Such
4 reimbursement or payment shall be at replacement cost, or,
5 if required by law, at actual cost, or at any other price
6 authorized by law and agreed to by the owning or disposal
7 agency. The amount of any such reimbursement or pay-
8 ment shall be credited to current applicable appropriations,
9 funds, or accounts from which there may be procured
10 replacements of similar commodities, services, or facilities,
11 except that where such appropriations, funds, or accounts
12 are not reimbursable except by reason of this subsection,
13 and when the owning agency determines that such replace-
14 ment is not necessary, any funds received in payment
15 therefor shall be covered into the Treasury as miscellaneous
16 receipts.

17 (e) In furnishing assistance under this Act accounts
18 may be established on the books of any United States
19 Government agency or, on terms and conditions approved
20 by the Secretary of the Treasury, in banking institutions
21 in the United States, against which (i) letters of com-
22 mitment may be issued which shall constitute obligations
23 of the United States, and moneys due or to become due
24 under such letters of commitment shall be assignable under
25 the Assignment of Claims Act of 1940, as amended, and

(ii) withdrawals may be made by recipient nations or agencies, organizations or persons upon presentation of contracts, invoices, or other appropriate documentation. Expenditure of funds which have been made available through accounts so established shall be accounted for on standard documentation required for expenditure of Government funds: *Provided*, That such expenditures for commodities or services procured outside the continental limits of the United States may be accounted for exclusively on such certification as may be prescribed in regulations approved by the Comptroller General of the United States.

SEC. 523. COORDINATION WITH FOREIGN POLICY.—

(a) Nothing contained in this Act shall be construed to infringe upon the powers or functions of the Secretary of State.

(b) The President shall prescribe appropriate procedures to assure coordination among representatives of the United States Government in each country, under the leadership of the Chief of the United States Diplomatic Mission.

SEC. 524. THE SECRETARY OF DEFENSE.—(a) In the case of aid under chapter 1 of title I of this Act, the Secretary of Defense shall have primary responsibility for—

(1) the determination of military end-item requirements;

(2) the procurement of military equipment in a

1 manner which permits its integration with service
2 programs;

3 (3) the supervision of end-item use by the recipi-
4 ent countries;

5 (4) the supervision of the training of foreign mili-
6 tary personnel;

7 (5) the movement and delivery of military end-
8 items; and

9 (6) within the Department of Defense, the per-
10 formance of any other functions with respect to the
11 furnishing of military assistance.

12 (b) The establishment of priorities in the procurement,
13 delivery, and allocation of military equipment shall be de-
14 termined by the Secretary of Defense. The determination
15 of the value of the program for any country under chap-
16 ter 1 of title I shall be made by the President.

17 SEC. 525. FOREIGN OPERATIONS ADMINISTRATION.—
18 Except as modified pursuant to this section or section 521,
19 the Director of the Foreign Operations Administration (re-
20 ferred to in this chapter as the “Director”) shall continue
21 to perform the functions vested in him on the effective date
22 of this Act, except insofar as such functions relate to continu-
23 ous supervision and general direction of programs of military
24 assistance. The President may transfer to any agency or

1 officer of the United States, and may modify or abolish, any
2 function, office, or entity of the Foreign Operations Admin-
3 istration or any officer or employee thereof, and may transfer
4 such personnel, property, records, and funds as may be neces-
5 sary incident thereto.

6 SEC. 526. MISSIONS AND STAFFS ABROAD.—The Presi-
7 dent may maintain special missions or staffs abroad in such
8 nations and for such periods of time as may be necessary to
9 carry out this Act. Each such special mission or staff shall
10 be under the direction of a chief. The chief and his deputy
11 shall be appointed by the President and may, notwithstand-
12 ing any other law, be removed by the President at his dis-
13 cretion. The chief shall be entitled to receive (1) in cases
14 approved by the President, the same compensation and
15 allowances as a chief of mission, class 3, or a chief of mission,
16 class 4, within the meaning of the Foreign Service Act of
17 1946 (22 U. S. C. 801), or (2) compensation and allow-
18 ances in accordance with section 527 (c) of this Act, as the
19 President shall determine to be appropriate.

20 SEC. 527. EMPLOYMENT OF PERSONNEL.—(a) Any
21 United States Government agency performing functions
22 under this Act is authorized to employ such personnel as the
23 President deems necessary to carry out the provisions and
24 purposes of this Act.

1 (b) Of the personnel employed in the United States on
2 programs authorized by this Act, not to exceed sixty may be
3 compensated without regard to the provisions of the Classifi-
4 cation Act of 1949, as amended, of whom not to exceed
5 thirty-five may be compensated at rates higher than those
6 provided for grade 15 of the general schedule established
7 by the Classification Act of 1949, as amended, and of these,
8 not to exceed fifteen may be compensated at a rate in excess
9 of the highest rate provided for grades of such general
10 schedule but not in excess of \$15,000 per annum. Such
11 positions shall be in addition to those authorized by law to
12 be filled by Presidential appointment, and in addition to the
13 number authorized by section 505 of the Classification Act
14 of 1949, as amended.

15 (c) For the purpose of performing functions under this
16 Act outside the continental limits of the United States, the
17 Director may—

18 (1) employ or assign persons, or authorize the em-
19 ployment or assignment of officers or employees of other
20 United States Government agencies, who shall receive
21 compensation at any of the rates provided for the For-
22 eign Service Reserve and Staff by the Foreign Service
23 Act of 1946, as amended (22 U. S. C. 801), together
24 with allowances and benefits established thereunder in-
25 cluding, in all cases, post differentials prescribed under

1 section 443 of the Foreign Service Act; and persons so
2 employed or assigned shall be entitled to the same bene-
3 fits as are provided by section 528 of the Foreign Serv-
4 ice Act for persons appointed to the Foreign Service
5 Reserve; and

6 (2) utilize such authority, including authority to
7 appoint and assign personnel for the duration of opera-
8 tions under this Act, contained in the Foreign Service
9 Act of 1946, as amended (22 U. S. C. 801), as the
10 President deems necessary to carry out functions under
11 this Act. Such provisions of the Foreign Service Act as
12 the President deems appropriate shall apply to person-
13 nel appointed or assigned under this paragraph, includ-
14 ing, in all cases, the provisions of sections 443 and 528
15 of that Act.

16 (d) For the purpose of performing functions under this
17 Act outside the continental limits of the United States, the
18 Secretary of State may, at the request of the Director,
19 appoint for the duration of operations under this Act alien
20 clerks and employees in accordance with applicable pro-
21 visions of the Foreign Service Act of 1946, as amended
22 (22 U. S. C. 801).

23 SEC. 528. DETAIL OF PERSONNEL TO FOREIGN GOV-
24 ERNMENTS.—(a) Whenever the President determines it to
25 be consistent with and in furtherance of the purposes of this

1 Act, the head of any United States Government agency is
2 authorized to detail or assign any officer or employee of his
3 agency to any office or position to which no compensation
4 is attached with any foreign government or foreign gov-
5 ernment agency: *Provided*, That such acceptance of office
6 shall in no case involve the taking of an oath of allegiance
7 to another government.

8 (b) Any such officer or employee, while so assigned
9 or detailed, shall be considered, for the purpose of preserving
10 his privileges, rights, seniority, or other benefits as such,
11 an officer or employee of the Government of the United
12 States and of the Government agency from which assigned
13 or detailed, and he shall continue to receive compensation,
14 allowances, and benefits from funds available to that agency
15 or made available to that agency out of funds authorized
16 under this Act.

17 SEC. 529. DETAIL OF PERSONNEL TO INTERNATIONAL
18 ORGANIZATIONS.—(a) Whenever the President determines
19 it to be consistent with and in furtherance of the purposes
20 of this Act, the head of any United States Government
21 agency is authorized to detail, assign, or otherwise make
22 available to any international organization any officer or
23 employee of his agency to serve with or as a member of
24 the international staff of such organization, or to render

1 any technical, scientific or professional advice or service
2 to or in cooperation with such organization.

3 (b) Any such officer or employee, while so assigned or
4 detailed, shall be considered, for the purpose of preserving
5 his allowances, privileges, rights, seniority and other bene-
6 fits as such, an officer or employee of the Government of
7 the United States and of the Government agency from
8 which detailed or assigned, and he shall continue to receive
9 compensation, allowances, and benefits from funds avail-
10 able to that agency or made available to that agency out
11 of funds authorized under this Act. He may also receive,
12 under such regulations as the President may prescribe,
13 representation allowances similar to those allowed under
14 section 901 of the Foreign Service Act of 1946, as amended
15 (22 U. S. C. 801). The authorization of such allowances
16 and other benefits and the payment thereof out of any
17 appropriations available therefor shall be considered as
18 meeting all the requirements of section 1765 of the Revised
19 Statutes.

20 (c) Details or assignments may be made under this
21 section—

22 (1) without reimbursement to the United States
23 by the international organization;

24 (2) upon agreement by the international organiza-

1 tion to reimburse the United States for compensation,
2 travel expenses, and allowances, or any part thereof,
3 payable to such officer or employee during the period of
4 assignment or detail in accordance with subsection (b)
5 of this section; and such reimbursement shall be credited
6 to the appropriation, fund, or account utilized for paying
7 such compensation, travel expenses, or allowances, or to
8 the appropriation, fund or account currently available for
9 such purposes;

10 (3) upon an advance of funds, property, or services
11 to the United States accepted with the approval of the
12 President for specified uses in furtherance of the purposes
13 of this Act; and funds so advanced may be established as
14 a separate fund in the Treasury of the United States, to
15 be available for the specified uses, and to be used for re-
16 imbursement of appropriations or direct expenditure sub-
17 ject to the provisions of this Act, any unexpended bal-
18 ance of such account to be returned to the international
19 organization; or

20 (4) subject to the receipt by the United States of
21 a credit to be applied against the payment by the United
22 States of its share of the expenses of the international
23 organization to which the officer or employee is detailed,

1 such credit to be based upon the compensation, travel
2 expenses and allowances, or any part thereof, payable to
3 such officer or employee during the period of assignment
4 or detail in accordance with subsection (b) of this
5 section.

6 SEC. 530. EXPERTS AND CONSULTANTS OR ORGANIZA-
7 TIONS THEREOF.—(a) Experts and consultants or organiza-
8 tions thereof, as authorized by section 15 of the Act of August
9 2, 1946 (5 U. S. C. 55a), may be employed by any United
10 States Government agency for the performance of functions
11 under this Act, and individuals so employed may be compen-
12 sated at rates not in excess of \$75 per diem, and while away
13 from their homes or regular places of business, they may be
14 paid actual travel expenses and per diem in lieu of subsistence
15 and other expenses at a rate not to exceed \$10 while so em-
16 ployed within the continental limits of the United States and
17 at the applicable rate prescribed in the Standardized Govern-
18 ment Travel Regulations (Foreign Areas) while so em-
19 ployed outside the continental limits of the United States.

20 (b) Persons of outstanding experience and ability may
21 be employed without compensation by any United States
22 Government agency for the performance of functions under
23 this Act in accordance with the provisions of section 710

1 (b) of the Defense Production Act of 1950, as amended
2 (50 U. S. C. App. 2160), and regulations issued there-
3 under.

4 SEC. 531. SECURITY CLEARANCE.—No citizen or resi-
5 dent of the United States may be employed, or if already
6 employed, may be assigned to duties by the Director under
7 this Act for a period to exceed three months unless—

8 (a) such individual has been investigated as to
9 loyalty and security by the Civil Service Commission, or
10 by the Federal Bureau of Investigation in the case of
11 specific positions which have been certified by the Direc-
12 tor as being of a high degree of importance or sensitivity
13 or in case the Civil Service Commission investigation
14 develops data reflecting that the individual is of ques-
15 tionable loyalty, and a report thereon has been made
16 to the Director, and until the Director has certified in
17 writing (and filed copies thereof with the Senate Com-
18 mittee on Foreign Relations and the House Committee
19 on Foreign Affairs) that, after full consideration of such
20 report, he believes such individual is loyal to the United
21 States, its Constitution, and form of government, and
22 is not now and has never knowingly been a member of
23 any organization advocating contrary views; or

24 (b) such individual has been investigated by a mili-

1 tary intelligence agency and the Secretary of Defense
2 has certified in writing that he believes such individual
3 is loyal to the United States and filed copies thereof with
4 the Senate Committee on Foreign Relations and the
5 House Committee on Foreign Affairs.

6 This section shall not apply in the case of any officer
7 appointed by the President by and with the advice and con-
8 sent of the Senate, nor shall it apply in the case of any
9 person already employed under programs covered by this
10 Act who has been previously investigated in connection
11 with such employment.

12 SEC. 532. EXEMPTION OF PERSONNEL FROM CERTAIN
13 FEDERAL LAWS.—(a) Service of an individual as a member
14 of the Board established pursuant to section 307 of this
15 Act or as an expert or consultant under section 530 (a)
16 shall not be considered as service or employment bring-
17 ing such individual within the provisions of title 18, U. S. C.,
18 sections 281, 283 or 284, or of section 190 of the Revised
19 Statutes (5 U. S. C. 99), or of any other Federal law
20 imposing restrictions, requirements, or penalties in relation
21 to the employment of persons, the performance of services,
22 or the payment or receipt of compensation in connection
23 with any claim, proceeding, or matter involving the United
24 States, except insofar as such provisions of law may pro-

hibit any such individual from receiving compensation in respect of any particular matter in which such individual was directly involved in the performance of such service; nor shall such service be considered as employment or holding of office or position bringing such individual within the provisions of section 6 of the Act of May 22, 1920, as amended (5 U. S. C. 715), section 212 of the Act of June 30, 1932, as amended (5 U. S. C. 59a), or any other Federal law limiting the reemployment of retired officers or employees or governing the simultaneous receipt of compensation and retired pay or annuities.

(b) Notwithstanding section 2 of the Act of July 31, 1894 (5 U. S. C. 62), which prohibits certain retired officers from holding certain office, any retired officer of any of the services mentioned in the Career Compensation Act of 1949 may hold any office or appointment under this Act or the Mutual Defense Assistance Control Act of 1951, but the compensation of any such retired officer shall be subject to the provisions of the Act of June 30, 1932 (5 U. S. C. 59a), which does not permit retired pay to be added to the compensation received as a civilian officer.

SEC. 533. WAIVERS OF CERTAIN FEDERAL LAWS.—
Whenever the President determines it to be in furtherance of purposes declared in this Act, the functions authorized under this Act may be performed without regard to such provisions

1 of law regulating the making, performance, amendment, or
2 modification of contracts and the expenditure of Govern-
3 ment funds as the President may specify.

4 SEC. 534. REPORTS.—The President, from time to time
5 while funds appropriated for the purpose of this Act con-
6 tinue to be available for obligation, shall transmit to the
7 Congress reports covering each six months of operations, in
8 furtherance of the purposes of this Act, except information
9 the disclosure of which he deems incompatible with the
10 security of the United States. Reports provided for under
11 this section shall be transmitted to the Secretary of the
12 Senate or the Clerk of the House of Representatives, as the
13 case may be, if the Senate or the House of Representatives,
14 as the case may be, is not in session. Such reports shall
15 include detailed information on the implementation of sections
16 504 and 414 (b) of this Act.

17 SEC. 535. COOPERATION WITH INTERNATIONAL OR-
18 GANIZATIONS.—(a) The President is authorized to request
19 the cooperation of or the use of the services and facilities of
20 the United Nations, its organs and specialized agencies, or
21 other international organizations, in carrying out the pur-
22 poses of this Act, and may make payments by advancements
23 or reimbursements, for such purposes, out of funds made
24 available for the purposes of this Act, as may be necessary
25 therefor, to the extent that special compensation is usually

1 required for such services and facilities: *Provided*, That
2 nothing in this section shall be construed to authorize the
3 delegation to any international or foreign organization or
4 agency of authority to decide the method of furnishing assist-
5 ance under this Act to any country or the amount thereof.

6 (b) Whenever the President determines it to be in
7 furtherance of the purposes of this Act, United States
8 Government agencies, on request of international organiza-
9 tions, are authorized to furnish supplies, materials, and serv-
10 ices, on an advance of funds or reimbursement basis, to such
11 organizations. Such advances or reimbursements may be
12 credited to the current applicable appropriation or fund of
13 the agency concerned and shall be available for the purposes
14 for which such appropriations and funds are authorized to be
15 used.

16 CHAPTER 3. REPEAL AND MISCELLANEOUS
17 PROVISIONS

18 SEC. 541. EFFECTIVE DATE.—This Act shall take effect
19 on July 1, 1954.

20 SEC. 542. STATUTES REPEALED.—(a) There are hereby
21 repealed—

22 (1) an Act to provide for assistance to Greece and
23 Turkey, approved May 22, 1947, as amended;

24 (2) the joint resolution to provide for relief assist-

1 ance to the people of countries devastated by war, ap-
2 proved May 31, 1947, as amended;

3 (3) the Foreign Aid Act of 1947;

4 (4) the Foreign Assistance Act of 1948, as
5 amended; including the Economic Cooperation Act of
6 1948, as amended, the International Children's Emer-
7 gency Fund Assistance Act of 1948, as amended, the
8 Greek-Turkish Assistance Act of 1948, and the China
9 Aid Act of 1948, as amended;

10 (5) the Mutual Defense Assistance Act of 1949,
11 as amended;

12 (6) the Foreign Economic Assistance Act of 1950,
13 as amended; including the Economic Cooperation Act
14 of 1950, the China Area Aid Act of 1950, as amended,
15 the United Nations Palestine Refugee Aid Act of 1950,
16 and the Act for International Development, as amended;

17 (7) the Far Eastern Economic Assistance Act of
18 1950, as amended;

19 (8) the Yugoslav Emergency Relief Assistance
20 Act of 1950;

21 (9) the Mutual Security Act of 1951, as amended;

22 (10) the Mutual Security Act of 1952;

23 (11) the Mutual Security Act of 1953;

1 (12) section 12 of the joint resolution of Congress
2 approved November 4, 1939 (54 Stat. 10; 22 U. S. C.
3 452) ;

4 (13) section 4 of the Act of March 3, 1925 (50
5 Stat. 887; 50 U. S. C. 165) ; and

6 (14) section 968 of title 18, United States Code.

7 (b) References in other Acts to the Acts listed in sub-
8 section (a) shall hereafter be considered to be references to
9 the appropriate provisions of this Act.

10 (c) The repeal of the Acts listed in subsection (a)
11 shall not be deemed to affect amendments contained in such
12 Acts to Acts not named in subsection (a).

13 SEC. 543. SAVING PROVISIONS.—

14 (a) Except as may be expressly provided to the con-
15 trary in this Act, all determinations, authorizations, regula-
16 tions, orders, contracts, agreements, and other actions is-
17 sued, undertaken or entered into under authority of any
18 provision of law repealed by section 542 shall continue in
19 full force and effect until modified by appropriate authority.

20 (b) Where provisions of this Act establish conditions
21 which must be complied with before use may be made of au-
22 thority contained in or funds authorized by this Act, com-
23 pliance with substantially similar conditions under Acts
24 named in section 542 shall be deemed to constitute compli-
25 ance with the conditions established by this Act.

1 (c) No person in the service or employment of the
2 United States or otherwise performing functions under an
3 Act repealed by section 542 or under section 408 shall be re-
4 quired to be reappointed or reemployed by reason of the
5 entry into force of this Act, except that appointments made
6 pursuant to section 110 (a) (2) of the Economic Coopera-
7 tion Act of 1948, as amended, shall be converted to appoint-
8 ments under section 527 (c) of this Act.

9 SEC. 544. AMENDMENTS TO OTHER LAWS.—(a) Title
10 X of the United States Information and Educational Ex-
11 change Act of 1948, as amended (22 U. S. C. 1431), is
12 amended by adding the following new section:

13 “INFORMATIONAL MEDIA GUARANTIES

14 “SEC. 1011. The Director of the United States Infor-
15 mation Agency may make guaranties, in accordance with
16 the provisions of subsection (b) of section 414 of the Mutual
17 Security Act of 1954, of investments in enterprises producing
18 or distributing informational media consistent with the na-
19 tional interests of the United States against funds heretofore
20 made available by notes issued to the Secretary of the Treas-
21 ury pursuant to section 111 (c) (2) of the Economic Co-
22 operation Act of 1948, as amended, for purposes of
23 guaranties of investments: *Provided, however,* That the
24 amount of such guaranties in any fiscal year shall be deter-
25 mined by the President but shall not exceed \$10,000,000.”

1 (b) Section 1 of Public Law 283, Eighty-first Congress,
2 is repealed. The Institute of Inter-American Affairs, cre-
3 ated pursuant to Public Law 369, Eightieth Congress (22
4 U. S. C. 281), shall have succession until June 30, 1960,
5 and may make contracts for periods not to exceed five
6 years: *Provided*, That any contract extending beyond June
7 30, 1960, shall be made subject to termination by the said
8 Institute upon notice: *And provided further*, That the said
9 Institute shall, on and after July 1, 1954, be subject to the
10 applicable provisions of the Budget and Accounting Act,
11 1921, as amended (31 U. S. C. 1), in lieu of the provisions
12 of the Government Corporation Control Act, as amended
13 (31 U. S. C. 841).

14 SEC. 545. DEFINITIONS.—For the purposes of this Act—

15 (a) The term “commodity” includes any commodity,
16 material, article, supply, or goods.

17 (b) The term “surplus agricultural commodity” means
18 any agricultural commodity or product thereof, class, kind,
19 type, or other specification thereof, produced in the United
20 States either publicly or privately owned, which is in excess
21 of domestic requirements, adequate carryover, and antici-
22 pated exports for dollars, as determined by the Secretary of
23 Agriculture.

1 (c) The terms “equipment” and “materials” shall mean
2 any arms, ammunition, or implements of war, or any other
3 type of material, article, raw material, facility, tool, ma-
4 chine, supply or item that would further the purpose of
5 chapter 1 of title I, or any component or part thereof, used
6 or required for use in connection therewith, or required
7 in or for the manufacture, production, processing, storage,
8 transportation, repair, or rehabilitation of any equipment
9 or materials, but shall not include merchant vessels.

10 (d) The term “mobilization reserve”, as used with re-
11 spect to any equipment or materials, means the quantity of
12 such equipment or materials determined by the Secretary of
13 Defense under regulations prescribed by the President to be
14 required to support mobilization of the Armed Forces of the
15 United States in the event of war or national emergency
16 until such time as adequate additional quantities of such
17 equipment or materials can be procured.

18 (e) The term “excess”, as used with respect to any
19 equipment or materials, means the quantity of such equip-
20 ment or materials owned by the United States which is
21 in excess of the mobilization reserve of such equipment or
22 materials.

23 (f) The term “services” shall include any service,

1 repair, training of personnel, or technical or other assist-
2 ance or information necessary to effectuate the purposes
3 of this Act.

4 (g) The term "Armed Forces of the United States"
5 shall include any component of the Army of the United
6 States, of the United States Navy, of the United States
7 Marine Corps, of the Air Force of the United States, of the
8 United States Coast Guard, and the Reserve components
9 thereof.

10 (h) The term "value" means—

11 (1) with respect to any excess equipment or mate-
12 rials furnished under chapter 1 of title I, the gross cost
13 of repairing, rehabilitating, or modifying such equip-
14 ment or materials prior to being so furnished;

15 (2) with respect to any nonexcess equipment or
16 materials furnished under chapter 1 of title I which are
17 taken from the mobilization reserve (other than equip-
18 ment or materials referred to in paragraph (3) of this
19 subsection), the actual or the projected (computed as
20 accurately as practicable) cost of procuring for the mo-
21 bilization reserve an equal quantity of such equipment
22 or materials or an equivalent quantity of equipment or
23 materials of the same general type but deemed to be
24 more desirable for inclusion in the mobilization reserve
25 than the equipment or materials furnished;

(3) with respect to any nonexcess equipment or materials furnished under chapter 1 of title I which are taken from the mobilization reserve but with respect to which the Secretary of Defense has certified that it is not necessary fully to replace such equipment or materials in the mobilization reserve, the gross cost to the United States of such equipment and materials or its replacement cost, whichever the Secretary of Defense may specify; and

(4) with respect to any equipment or materials furnished under chapter 1 of title I which are procured for the purpose of being so furnished, the gross cost to the United States of such equipment and materials.

In determining the gross cost incurred by any agency in repairing, rehabilitating, or modifying any excess equipment furnished under chapter 1 of title I, all parts, accessories, or other materials used in the course of repair, rehabilitation, or modification shall be priced in accordance with the current standard pricing policies of such agency.

For the purpose of this subsection, the gross cost of any equipment or materials taken from the mobilization reserve means either the actual gross cost to the United States of that particular equipment or materials or the estimated gross cost to the United States of that particular equipment or materials obtained by multiplying the number of

1 units of such particular equipment or materials by the
2 average gross cost of each unit of that equipment and
3 materials owned by the furnishing agency.

4 (i) The term "United States Government agency"
5 means any department, agency, board, wholly or partly
6 owned corporation, or instrumentality, commission, or
7 establishment of the United States Government.

8 SEC. 546. CONSTRUCTION.—(a) If any provision of
9 this Act or the application of any provision to any circum-
10 stances or persons shall be held invalid, the validity of the
11 remainder of the Act and applicability of such provision
12 to other circumstances or persons shall not be affected
13 thereby.

14 (b) Nothing in this Act shall alter, amend, revoke,
15 repeal, or otherwise affect the provisions of the Atomic
16 Energy Act of 1946, as amended (42 U. S. C. 1801).

17 (c) Nothing in this Act is intended nor shall it be
18 construed as an expressed or implied commitment to pro-
19 vide any specific assistance, whether of funds, commodi-
20 ties, or services, to any nation or nations, or to any inter-
21 national organization.

83d CONGRESS
2d Session

H. R. 9678

[Report No. 1925]

A BILL

To promote the security and foreign policy of the United States by furnishing assistance to friendly nations, and for other purposes.

By Mr. CHIPERFIELD

JUNE 24, 1954

Referred to the Committee on Foreign Affairs

JUNE 25, 1954

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

CONSIDERATION OF H. R. 9678

JUNE 25, 1954.—Referred to the House Calendar and ordered to be printed

Mr. ALLEN of Illinois, from the Committee on Rules, submitted the following

REPORT

[To accompany H. Res. 600]

The Committee on Rules, having had under consideration House Resolution 600, report the same to the House with the recommendation that the resolution do pass.



House Calendar No. 217

83^D CONGRESS
2^D SESSION

H. RES. 600

[Report No. 1924]

IN THE HOUSE OF REPRESENTATIVES

JUNE 25, 1954

Mr. ALLEN of Illinois, from the Committee on Rules, reported the following resolution; which was referred to the House Calendar and ordered to be printed

RESOLUTION

1 *Resolved*, That upon the adoption of this resolution it
2 shall be in order to move that the House resolve itself into
3 the Committee of the Whole House on the State of the
4 Union for the consideration of the bill (H. R. 9678) to
5 promote the security and foreign policy of the United States
6 by furnishing assistance to friendly nations, and for other
7 purposes, and all points of order against said bill are hereby
8 waived. After general debate, which shall be confined to
9 the bill and continue not to exceed five hours, to be equally
10 divided and controlled by the chairman and ranking minority
11 member of the Committee on Foreign Affairs, the bill shall
12 be read for amendment under the five-minute rule. At the
13 conclusion of the consideration of the bill for amendment,

1 the Committee shall rise and report the bill to the House
2 with such amendments as may have been adopted and the
3 previous question shall be considered as ordered on the bill
4 and amendments thereto to final passage without intervening
5 motion except one motion to recommit.

83^d CONGRESS
2^d SESSION

H. RES. 600

House Calendar No. 217

[Report No. 1924]

RESOLUTION

Providing for the consideration of H. R. 9678,
a bill to promote the security and foreign
policy of the United States by furnishing
assistance to friendly nations, and for other
purposes.

By Mr. ALLEN of Illinois

JUNE 25, 1954

Referred to the House Calendar and ordered to be
printed

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued June 29, 1954
For actions of June 28, 1954
83rd-2nd, No. 119

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HIGHLIGHTS: House debated foreign aid bill. House acted on amendments to trade agreements bill. Conferees announced agreement on surplus commodities bill. Senate debated tax revision bill. Sen. Millikin discussed soil conservation provision. Both Houses agreed to conference report on Interior appropriation bill. Senate passed legislative-judiciary appropriation bill. Sen. Anderson recommended earmarking of forest receipts for recreation. Senate committee reported life insurance bill for Federal employees. House received USDA proposal to authorize cooperation with Canada and Mexico in insect control.

HOUSE

1. FOREIGN AID. Began debate on H. R. 9678, the foreign aid authorization bill, which had been reported on June 25 during House recess (H. Rept. 1925)(pp. 8665, 8622, 8624-60). The bill authorizes appropriations for the fiscal year 1955, for military aid, economic development assistance, and technical cooperation.
2. SURPLUS COMMODITIES. On June 26, during House recess, the conferees agreed to file a report on S. 2475, to aid in disposal of surplus commodities, but the report was not actually submitted. The "Daily Digest" states: "Among other agreements made, the conferees agreed to reduce the total amount to be sold from \$1 billion to \$700 million, and to retain \$300 million for famine relief." (p. D750.)
3. TRADE AGREEMENTS. Concurred in the Senate amendment to the trade agreements bill, H. R. 9474, providing that this bill indicates no congressional decision on GATT, and concurred with an amendment to the Senate amendment to provide that no trade agreement shall endanger defense production (pp. 8660-1).
4. INTERIOR APPROPRIATION BILL, 1955. Both Houses agreed to the conference report on this bill, H. R. 8680, and acted on amendments in disagreement (pp. 8614-18, 8592-5). This bill will now be sent to the President.

AND PLANT-DISEASE

5. INSECT/CONTROL. Received from this Department a proposed bill to authorize cooperation with Mexico and Canada in the control of incipient or emergency outbreaks of insect pests or plant diseases in those countries; to Agriculture Committee (p. 8665).
6. EDUCATION. The Education and Labor Committee reported with amendment H. R. 9640, to amend the Vocational Rehabilitation Act so as to promote and assist in the extension and improvement of the program (H. Rept. 1941)(p. 8665).
7. RECLAMATION. The Committee on Interior and Insular Affairs reported with amendment H. R. 236, to authorize the Fryingpan-Arkansas project (H. Rept. 1943), and without amendment S. J. Res. 165, to authorize the Glendo unit, Wyo. (H. Rept. 1944)(p. 8665).
8. D. C. APPROPRIATION BILL, 1955. Received the conference report on this bill, H. R. 9517 (H. Rept. 1945)(pp. 8612-14).
9. LABOR-HEW APPROPRIATION BILL, 1955. House conferees were appointed on this bill, H. R. 9447 (p. 8614). Senate conferees have been appointed.
10. COPPER IMPORTS. Concurred in the Senate amendment to H. R. 7709, to continue duty-free copper imports for 1 more year (p. 8620). This bill will now be sent to the President.
11. VIRGIN ISLANDS. House conferees were appointed on S. 3378, to revise the Virgin Islands organic act, which includes a provision regarding importation of diseased animals (p. 8620). Senate conferees have been appointed.
12. TRANSPORTATION. Rep. Oakman claimed there are "discriminatory tolls on interstate truck transportation" (pp. 8622-5).
13. PRICE SUPPORTS. Rep. Thompson, La., spoke against reduction in price supports (p. 8662).

SENATE

14. LEGISLATIVE-JUDICIARY APPROPRIATION BILL, 1955. Passed with amendments this bill, H. R. 9302 (pp. 8595-607). Senate conferees were appointed. Agreed to an amendment by Sen. Mundt to validate obligations under any regular annual appropriation act between June 30, 1954, and the date of its approval (p.8598). Rejected an amendment by Sen. Carlson to enable the Joint Committee on the Economic Report to continue the publication of monthly "Economic Indicators" (pp. 8600-2).
15. TAXATION. Began debate on H. R. 8300, the general tax revision bill. Adopted committee amendments en bloc so that the bill, as so amended, will be considered as the original text for the purpose of further amendment. (pp. 8536-89, 8602, 8607-9.)
Sen. Millikin discussed the soil conservation provision which allows farmers to deduct expenditures (as expense rather than capitalization) for soil and water conservation, including those for leveling, grading, terracing, drainage, contour furrowing, eradication of brush, planting of windbreaks, and other expenses for treatment or moving of earth. The Senate committee modified the House bill to make it clear that the provision applies to earthen dams not subject to depreciation and to the construction as well as the control and protection of watercourses, outlets, and ponds. The committee also made the provision applicable for expenditures by farmers to satisfy special assessments

Mr. DEWART. Mr. Speaker, I ask unanimous consent that a similar House bill (H. R. 8754) be laid on the table.

The SPEAKER. Is there objection to the request of the gentleman from Montana?

There was no objection.

THE AIR FORCE ACADEMY

(Mr. CHENOWETH asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. CHENOWETH. Mr. Speaker, on last Thursday the Secretary of the Air Force, Hon. Harold E. Talbott, announced that the Air Force Academy would be located at Colorado Springs, Colo. I am, indeed, proud and happy to have the Academy located in Colorado, and in my district.

The selection of Colorado Springs as the site for the Academy was made after a most exhaustive and comprehensive investigation of all of the places mentioned as possible sites. I understand that in the beginning there were some 400 of these sites being checked.

Several years ago a board reduced the number under consideration to seven, and at that time Colorado Springs was one of the cities on the list. However, no action was taken on this report.

Under the terms of Public Law 325, 83d Congress, we authorized the Air Force Academy for the first time. The Secretary of Air was instructed to appoint a commission consisting of five members to recommend a site. Under this bill, the Secretary was required to designate the site recommended by the commission if the recommendation was unanimous. The commission failed to agree on a site, but did recommend three, as provided under the terms of the law. This left the responsibility on the Secretary to name the site. After personally visiting all three of the sites and checking on every possible detail, the Secretary made his announcement that the Academy would be placed near Colorado Springs.

I fully realize that there are many fine sites in this country for the Air Academy. Those of you who have visited Colorado Springs will, I am sure, understand why the Secretary decided on Colorado as the site for the Academy, and why Colorado Springs has always received favorable consideration as the most desirable location for the Academy.

We are fully aware of the heavy responsibilities we must assume in seeing that the boys attending this Academy have the finest possible environment in which to build character and develop to the fullest their minds and bodies. We intend to discharge this obligation to the very best of our ability. The entire State of Colorado recognizes this responsibility and intends to cooperate to the fullest extent in making these boys feel at home in our midst.

I feel confident that the boys you appoint to the Air Academy are going to enjoy their 4 years in Colorado Springs. They will find a most friendly people, who will welcome every opportunity to assist them. There are many scenic

attractions in and near Colorado Springs which will be of great interest and pleasure to these boys.

Mr. Speaker, I am sure that the Secretary will never have reason to regret his decision in placing the Air Academy in Colorado. Our people have already set high standards for hospitality and cooperation with the military that will be fully maintained. We are proud of the fact that we have been selected for this important assignment, and we know you will also be proud of the Academy when it is completed.

UN-AMERICAN ACTIVITIES HEARINGS IN SEATTLE

(Mr. PELLY asked and was given permission to extend his remarks at this point.)

Mr. PELLY. Mr. Speaker, as the Members of this body know, the House Un-American Activities Committee recently visited the west coast and held hearings in my district in Seattle.

Prior community support of the hearings, as evidenced by some 350 letters and telegrams of support from various organizations and labor unions, indicated the attitude of the public and foreshadowed the success of the hearings. The members of the press, radio, and television contributed greatly to its effectiveness. Subsequently, I have received a great many letters from constituents, and I am pleased to advise the House of the extremely favorable public reaction to this congressional investigation. As might have been expected, however, the King County chapter of the Americans for Democratic Action issued a statement that this hearing "deserved neither admiration nor respect."

Attempts to discredit the committee as partisan were promptly dispelled by the gentleman from California (Mr. DOYLE), who issued a clear statement which certainly added to public understanding. The fairness, patience, and dignity exhibited by the chairman and members of the subcommittee were most favorably recognized.

Of course, it was a great shock to those who wrote me to discover the extent of Communist Party membership and the devious manner in which this menace from within has operated.

Emphatically, my constituents have impressed upon me their concern lest this foreign-controlled plot to overthrow our constitutional government be aided and abetted by dupes and coddlers. I know, thanks to House committee investigations such as this, that the legislative branch of our Government can enact laws within the framework and protection of due process which will allow the executive branch to meet the Communist threat.

Surely no one doubts that with proper laws President Eisenhower the other officials of the executive branch can cope with the threat posed by the web of subversion this administration inherited.

I compliment the House Un-American Activities Committee on its fair and effective investigations in Seattle.

RESOLUTIONS TO INVESTIGATE HATE PROPAGANDA

(Mr. JAVITS asked and was given permission to extend his remarks at this point on two resolutions he is introducing today dealing with hate propaganda against religious and radical groups being sent through the mails.)

Mr. JAVITS. Mr. Speaker, I am today introducing two resolutions dealing with hate literature against religious and minority groups now being transmitted in large quantities through the mails. While our attention is being held by the effort to expose Communists and subversives and root them out of key positions, the lunatic fringe on the right-wing is having a field day. The deep current concern of the country with congressional investigations of communism and subversion and the protest against the excesses in such investigation appear to be giving hatemongers and bigots the opportunity they have sought to parade their anti-Protestant, anti-Catholic, anti-Semitic, and anti-Negro material through the mails under the guise of participation in the anti-Communist struggle. The vicious material going through the mails originates abroad and in the United States.

One of the resolutions is a resolution of inquiry asking the Postmaster General to give the answers to the following questions:

First. Are the mails being used for the purpose of disseminating false and defamatory statements as to depravity, criminality, lack of virtue, or lack of patriotism attributed to citizens as a class of any race, color, creed, religion, or national origin?

Second. Are the mails being used for the purpose of disseminating such material seeking to overthrow by force or subversion the constitutional government of the United States?

Third. Is such material going through the mails from outside the United States to destinations within the United States?

Fourth. Are the laws of the United States relating to the transmission of such material adequate to prevent its being transmitted and distributed through the mails within the United States?

Fifth. What measures does the Postmaster General recommend be taken by the Congress in order to make the laws adequate to bar such material from the mails?

The second resolution calls for an investigation to be made by the House Committee on Post Office and Civil Service of the use of the mails for the purpose of disseminating false and defamatory statements as to the depravity, criminality, lack of virtue, or lack of patriotism attributed to citizens as a class of any race, color, creed, religion, or national origin.

For example, one of the most virulent of these publications anti-Semitic in nature recently transmitted, I understand, in a number of about 500,000 through the United States mails, originated and is marked as originating in Norrviken, Sweden. It is an old-fash-

ioned hate document carried through the mails and widely distributed within the United States. There are regular publications published in various States and going through the mails which carry this vicious propaganda as a regular thing. This and other examples of similar material may be inspected at my office.

The Supreme Court has held in the case of *Beauharnais* against Illinois, decided on April 28, 1952, that the distribution of material exposing the citizens of any race, color, or religion, to contempt, derision, or obloquy can be made a criminal offense. We are and properly so very partial to free speech and free expression but this does not mean that we should not define criminal libel for what it is or that we should not prohibit the use of the mails to incitement to such hatred and division as to threaten the very foundations of our country. My resolutions propose that the Postmaster General give us the facts and that the House Committee on Post Office and Civil Service investigate. I am confident that with the facts in hand the Committee on Post Office and Civil Service will give the matter its early and deserved attention.

FORTIETH ANNIVERSARY OF BEGINNING OF WORLD WAR I

(Mr. O'HARA of Illinois asked and was given permission to extend his remarks at this point.)

Mr. O'HARA of Illinois. Mr. Speaker, this is the anniversary of the firing of 2 shots by a political maniac 5,000 miles from our shores that involved us in 2 world wars and cost the lives of over half a million Americans. Forty years ago today Woodrow Wilson was the President of the United States. We were a peaceful and a happy people, pursuing the ways of peace and believing that at last this old world of ours had reached the end of the century-long road of man's destruction of his fellow man on battlefields. Then came the firing of these two shots. The dream was ended; history had taken another turn. Mr. Speaker, the dream of the American people 40 years ago is still the dream of the American people. The realization of that dream, the end of war and the bringing of the permanent peace, is the challenge that this generation in this Nation under God must, and will, achieve.

EXPLANATION OF VOTE

(Mr. DAVIS of Tennessee asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. DAVIS of Tennessee. Mr. Speaker, in order that my position may be known on legislation reflected by the following rollcalls, I should like to be recorded as having voted "yea" on rollcall Nos. 3, 15, and 17; "nay" on rollcall No. 21; "yea" on rollcall Nos. 25, 29, 41, 43, 47, 51, 52, 66, 69; and "nay" on rollcall Nos. 70, 72, and 74.

ENROLLED BILL AND JOINT RESOLUTION SIGNED BY THE SPEAKER

The SPEAKER. The Chair desires to announce that, pursuant to the authority granted him on Thursday, June 24, 1954, he did on June 25, 1954, sign the following enrolled bill and joint resolution of the Senate:

S. 3476. An act to provide for the advancement of Comdr. Donald B. MacMillan, United States Naval Reserve, retired, to the grade of rear admiral on the Naval Reserve retired list.

S. J. Res. 167. Joint resolution to amend the National Housing Act, as amended, and for other purposes.

MUTUAL SECURITY ACT OF 1954

Mr. ALLEN of Illinois. Mr. Speaker, I call up House Resolution 600 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 9678) to promote the security and foreign policy of the United States by furnishing assistance to friendly nations, and for other purposes, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill and continue not to exceed 5 hours, to be equally divided and controlled by the chairman and ranking minority members of the Committee on Foreign Affairs, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

CALL OF THE HOUSE

Mr. GROSS. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Obviously a quorum is not present.

Mr. HALLECK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 88]

Abbott	Curtis, Mo.	Heller
Albert	Curtis, Nebr.	Herlong
Angell	Davis, Ga.	Hillings
Barden	Davis, Wis.	Hinshaw
Barrett	Dawson, Utah	Horan
Battle	Dingell	James
Beamer	Dodd	Kean
Becker	Dorn, N. Y.	Kearns
Bonin	Fallon	Kersten, Wis.
Bosch	Feighan	Kluczynski
Buchanan	Fernandez	Krueger
Burdick	Frelinghuysen	Lantaff
Busbey	Friedel	Latham
Byrne, Penn.	Fulton	LeCompte
Camp	Garmatz	Lesinski
Canfield	Granahan	Long
Chatham	Grant	Lucas
Chudoff	Green	Lyle
Cooley	Gwinn	McConnell
Corbett	Hale	McCulloch
Cotton	Harden	McIntire
Coudert	Hays, Ohio	Machrowicz

Madden	Murray	Riley
Magnuson	Norblad	Robison, Ky.
Mailliard	O'Brien, N. Y.	St. George
Martin	Osmer	Scott
Mason	Perkins	Small
Meador	Pfost	Sutton
Merrow	Phillips	Taylor
Miller, Md.	Phillips	Vupsell
Miller, Nebr.	Pillion	Wainwright
Miller, N. Y.	Powell	Welch
Morgan	Radwan	Williams, Miss.
Morrison	Regan	Wilson, Tex.

The SPEAKER. On this rollcall, 321 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

REPUBLICAN CONFERENCE

Mr. ALLEN of Illinois. Mr. Speaker, I yield 1 minute to the gentleman from Kansas [Mr. HOPE].

Mr. HOPE. Mr. Speaker, I have asked for this time to announce that the Republican conference which was to be held this afternoon has been postponed until further notice.

Mr. ALLEN of Illinois. Mr. Speaker, I yield 1 minute to the gentleman from Michigan [Mr. OAKMAN].

(Mr. OAKMAN asked and was given permission to speak out of order.)

DISCRIMINATORY TOLLS ON INTERSTATE TRUCK TRANSPORTATION

Mr. OAKMAN. Mr. Speaker, in his state of the Union message, President Eisenhower stood here in the House last January 7 and told us:

The American economy is one of the wonders of the world. It undergirds our international position, our military security, and the standard of living of every citizen. This administration is determined to keep our economy strong and to keep it growing.

I want to speak briefly today about a very real and serious threat to our economy which has been raised in some of the States and then to propose a remedy which is open to us here in the Congress.

This threat is the erection of barriers against the free flow of interstate commerce in the form of ton-mile, weight-distance, axle-mile, and similar third-structure highway use taxes being levied by some States over and above motor fuel taxes and registration fees. These taxes amount to discriminatory tolls on interstate truck transportation and they menace the strong and growing economy that the President is pledged to maintain. These discriminatory tolls are imposed on trucks traveling in interstate commerce over highways built with Federal aid dollars in contravention of Mr. Eisenhower's stated aims and of the long established policy of Congress to promote the free and healthy flow of commerce among the States.

These discriminatory taxes literally make toll roads out of public roads for certain classes of vehicles. They are far different from the tolls imposed on some of our new superhighways, built without Federal-aid funds, where the motorist pays a fee which he recovers in the form of better gasoline mileage, more expedi-

tious travel, and less wear and tear on the vehicle.

Freedom of movement among the States was one of the underlying principles in the formation of our Union. The States themselves historically have made an effort to preserve this freedom of movement. Highway transportation has become an increasingly vital factor in our overall economy and a key reason why it has grown in importance year by year has been the cooperative attitude of the States in allowing the free movement of motor vehicles.

The ability to produce, and the ability to distribute that which is produced, are the twin foundations of this country's high standard of living and its high rank among the powers of the world.

The importance of our ability to produce is etched indelibly in the minds of all of us. In the mind of many Americans, in fact, production is a one-word explanation of this country's great power. They believe, with the late Wendell L. Willkie, that "only the productive can be strong, and only the strong can be free." Americans, therefore, view with interest anything that may enhance our ability to produce, and view with concern anything which might impair that ability.

Although production without distribution is worthless, the importance of distribution does not appear to be so clearly appreciated, and threats to the continued efficiency of our distribution system do not arouse the attention which they deserve.

It is our distribution system, the greatest in the world, which has made the United States one big market place for all the good things produced by all our farms and factories. In some countries—much smaller countries—people actually starve in some sections while there is plenty in other sections, simply because there is no way of getting to them the things they need.

Here in our Nation it does not matter who you are or where you live, that which is available for any of us is available to all of us, and at approximately the same price.

Our great American railroads, our airlines, our water carriers, our pipelines—all of these are parts of our distribution system. The other vital part, with which I am seriously concerned, is highway transportation. In a relatively short span of years, America literally has become a Nation which moves on rubber-tired wheels.

Highway transportation of both people and goods has become an integral and indispensable part of the American economy, the American way of life. Moreover, our highways and the millions of vehicles that roll over them are essential to the defense and survival of this Nation.

In my judgment, third-structure highway-use taxes threaten to retard seriously, if not destroy, substantial segments of highway transportation. These taxes, or discriminatory tolls, imposed by some States place heavy burdens upon the interstate movement of commercial motor vehicles, leading to retaliatory actions by other States. Unless these

developments are thwarted now, in their earlier stages, we could well see a virtual breakdown of interstate commerce by motor vehicles, and a resultant increase in transportation costs and the cost of living.

In the early days of the automobile, a number of States required any vehicle operating in the State to have a license plate issued by that State. Such actions brought movement of automobiles between States almost to a standstill. The situation was chaotic, so the States worked out agreements among themselves to solve the problem.

These reciprocity agreements simply embrace the Golden Rule and a good neighbor policy. Under their terms, one State simply says to another: "If you do not require automobiles from our State to be licensed in your State, we will not require automobiles from your State to be licensed in our State." It was as simple as that, and by 1928 every State in the Union was a party to what had become a nationwide agreement.

Until recently a substantially similar reciprocity program has prevailed with respect to the interstate movement of motor trucks.

Motor vehicle reciprocity has made possible the tremendous growth of the entire automotive industry. Reciprocity has been a key factor in bringing about the tremendous growth of our rubber, oil, and other related industries which figure so prominently in our whole economy.

Reciprocity has made possible the increasingly free movement of people and goods all over the country, and such movement has contributed immeasurably to our social and economic welfare.

The reciprocity agreements under which freight-carrying motor vehicles operate are today in serious jeopardy because a limited number of States have seen fit to take unilateral actions which violate the agreements through the imposition of discriminatory tolls in the form of third-structure highway use taxes.

These States have not violated the agreement by requiring trucks from other States to purchase additional license plates. They have done it by enacting laws requiring trucks from other States to pay special mileage taxes which frequently exceed, on an annual basis, the cost of a license plate.

These actions by a few States, these clear and deliberate violations of the reciprocity principles which have enabled the United States to grow and prosper, naturally are resented bitterly by other States which believe in these principles and want to live up to the agreements.

Some States have moved quickly with retaliatory actions against the violating States. They can scarcely be blamed for replying in kind. Other States have shown more restraint and are waiting hopefully to see if the matter cannot be resolved amicably.

In the meantime, interstate truck operation is being seriously damaged. For-hire trucking companies have been bankrupted in some instances. Other firms have been forced to move to other States in order to remain in business. Many more are struggling to survive as

pawns in a game of border warfare that is reminiscent of the Balkan States of Europe.

Tempers have flared, personalities have become involved, and the situation is getting worse instead of better; indeed, it has become so serious as to threaten some of the basic and fundamental principles upon which the National Government was founded. It is a situation which demands the urgent attention of the Congress of the United States.

For a great many years Congress has recognized the importance of an adequate and efficient system of interstate highway transportation. This recognition has been reflected in large appropriations granted to the States on a matching basis to aid in the construction and improvement of an adequate highway system.

The 1952 Federal Aid Highway Act—providing for fiscal 1954 and 1955—included the first specific appropriation for the national system of interstate highways in the amount of \$25 million annually. The 1954 Federal Aid Highway Act increased the amount for this specific purpose to \$175 million annually—an increase of 700 percent. Further, the 1954 Federal Aid Highway Act for the first time since Federal motor fuel taxes were levied appropriated road funds in an amount equal to or in excess of collections from these taxes. In the 20 previous years, the Federal Government had diverted one half of the total \$9 billion collected in motor fuel taxes to the general purposes of government.

The total amount of Federal highway aid also has just been substantially increased. Whereas the appropriations for fiscal 1954 and 1955 were \$575 million annually, the appropriations for fiscal 1956 and 1957 are \$875 million annually. The increase alone makes money available to the individual States in amounts which exceed the revenues derived by certain States from the special controversial discriminatory toll levies which a few of them are assessing.

Thus, as President Eisenhower has said:

The Federal Government is continuing its central role in the Federal highway aid program.

It is getting its appropriations and its procedures in good order. On the other hand, the Federal efforts to promote the general welfare and provide for the national defense by developing a good network of interstate highways knitting our States together into a strong union are being obstructed by the aforementioned artificial barriers to the unhampered movement of interstate commerce.

Now, there is something which Congress has every right to do—something which, in my opinion, it is duty-bound to do, to help correct this situation.

The Federal highway aid program since its inception as a full-scale activity in 1916 has carried with it certain limitations on the States use of federally granted moneys for highway aid. These limitations are in basic recogni-

tion of the necessity of the States conforming to prescribed qualifications in order that the purpose of Federal highway aid will be fulfilled.

The initial requirement of importance was contained in the original act of 1916. It provided that each State, to share in the appropriations, must first establish a State highway department adequate in the opinion of the Secretary of Agriculture, under whom the first Federal Aid Act was administered.

The act of 1921 contained a prohibition against the use of Federal moneys for the construction of toll roads.

The Hayden-Cartwright Act of 1934, an amendment to the Federal Aid Act, contained a provision directed against diversion by the States of highway taxes to nonhighway purposes.

These and similar restrictions clearly establish both the right and the duty of Congress to qualify its grants in aid to assure that the congressional objectives will be fulfilled.

I believe we now need another amendment to the Federal Aid Road Act, an amendment designed to discourage and neutralize the type of artificial barriers I have described.

Therefore, I am introducing a bill to withhold from the highway funds apportioned to any State which imposes ton-mile, weight distance, axle-mile, or other such third structure highway use taxes, over and above motor fuel taxes and registration fees, an amount equal to the State's collection of such taxes during the year preceding the year for which Federal aid highway funds are authorized.

The bill also provides that any sums so withheld from offending States shall be reapportioned, in accordance with existing formulas of apportionment, to those States which do not impose third-structure taxes.

This legislation in no way infringes States' rights. It merely sets up qualifications for recipients of Federal funds—an accepted procedure. It does not prohibit the imposition of the so-called third structure or discriminatory toll type of tax, but merely provides that States which raise this barrier against interstate commerce shall not enjoy the same Federal benefits designed to promote the free flow of interstate commerce as States which do not raise such barriers. Further, the courts have held consistently that the States have no right to interfere with congressional efforts to facilitate interstate commerce.

As a matter of fact, qualifications much more stringent than I proposed have been suggested and could be set up for recipient States under the Federal aid highway program without doing violence to States rights.

I hope this measure can receive the earnest and expeditious consideration of the Public Works Committee, of which I am a member, and that Congress will take a step which is within its power to correct the alarming situation I have described.

(Mr. OAKMAN asked and was given permission to revise and extend his remarks.)

MUTUAL SECURITY ACT, 1954

The SPEAKER. The gentleman from Illinois [Mr. ALLEN].

Mr. ALLEN of Illinois. Mr. Speaker, I yield 30 minutes to the gentleman from Virginia [Mr. SMITH].

I yield myself such time as I may desire, Mr. Speaker.

Mr. Speaker, I rise to urge the adoption of House Resolution 600 making in order the consideration of the bill H. R. 9678, a bill to promote the security and foreign policy of the United States by furnishing assistance to friendly nations, and for other purposes.

House Resolution 600, Mr. Speaker, provides for an open rule, waiving points of order with 5 hours of general debate on the bill itself.

Mr. Speaker, when the chairman of the Foreign Affairs Committee appeared before the Rules Committee the other day, he told us that this bill would authorize the sum of \$3,668,908,000 to be expended for the fiscal year of 1955. This figure was originally \$3,440,608,000, but the additional authorization for future infrastructure installments and an authorization for the United Nations Relief and Works Agency brings the figure up to \$3,668,908,000.

Mr. Speaker, I think it is important to bring out at this point that for fiscal year 1953 the amount of \$6,011,000,000 was authorized and in 1954 \$4,726,000,000 was authorized. These reductions, Mr. Speaker, represent a 42-percent cut in the authorizations in 2 years.

Mr. Speaker, we all know how extremely difficult it is to predict with any degree of accuracy what the future may hold for the United States. We are living in a world where two diametrically opposed systems and philosophies of government are engaged in what appears may be a prolonged struggle for supremacy. At our meeting in the Rules Committee the other day, the question was asked as to how long it was thought these huge sums of money would have to be expended? It was a fair question. There is not a member sitting here today who does not recognize the fact that the people of the United States have been sacrificing a great deal financially in recent years in order to maintain the program that we have under discussion today.

When this question was asked at our meeting, the chairman of the Foreign Affairs Committee candidly admitted that he could not tell the members of the Rules Committee when it would be possible to eliminate the program.

We all recognize the unfortunate fact that there are some weaknesses among the allies themselves, as far as concerted action and methods of approach are concerned. The fact that the European Defense Community has not yet been established in Europe and that the Indochina situation is so fluid must of necessity be a matter of grave concern to us all.

However, in spite of these discouraging factors, the majority of the Committee on Foreign Affairs in their report stressed that through this bill they hoped that the United States would be strengthened in her ability to meet the threat of Soviet aggression and that the stability and

security of nations in which the United States has airbases and other defense facilities might also be maintained.

Mr. Speaker, this bill would also attempt to keep the resources of Western Europe and the free world from falling under Soviet domination and would seek to strengthen our ties of cooperation and friendship with the economically underdeveloped nations of the world.

Last but not least, Mr. Speaker, H. R. 9678 attempts to eliminate all aspects of the foreign operations program that are not essential to meeting the situation which confronts our country today. In other words, Mr. Speaker, the intent of this bill according to the report is to make provision for only the operations which are essential to present-day United States foreign policy.

Mr. Speaker, this bill is so important insofar as its ramifications are concerned that it is essential that an adequate debate take place on it. I think that 5 hours will give the House enough time for this debate and that the rule itself will enable the House to work its will.

Mr. Speaker, I hope that the House will adopt the rule contained in House Resolution 600.

I now yield 5 minutes to the gentleman from Ohio [Mr. BROWN].

Mr. BROWN of Ohio. Mr. Speaker, I ask unanimous consent to revise and extend my remarks.

The SPEAKER. Is there objection? There was no objection.

Mr. BROWN of Ohio. Mr. Speaker, I have asked for this time, not to oppose the rule but, instead, to speak on the pending Mutual Security bill as seriously as I can for a few moments; to speak from my heart and with what little mentality, judgment, and conscience I may have.

I am firmly convinced the time has come, in fact has long passed, when we should make a careful restudy, reappraisal, and reexamination of our entire foreign policy and foreign-aid program.

There are a few facts which we developed in connection with the hearing on this legislation before the Rules Committee that should be of interest to the House as we approach these hours, and perhaps days, when we will discuss and debate this mutual-security program, as it is now called. It is a part of the general foreign-aid program which has been running on and on, in one form or another, ever since July 1940. I wonder how many of you realize that during the World War II period, from the fiscal year of 1941 through 1945, inclusive, that we gave to foreign countries, peoples, and nations the stupendous total of \$59,869,639,312 in American funds. Every dollar and every penny of this huge amount was actually borrowed money, charged to account of the taxpayers of the United States.

In the postwar period, for all of fiscal years from 1946 through 1947, 1948, 1949, 1950, 1951, and 1953, we have given away, in one form or another, to the peoples and governments of other countries some \$55,207,451,624.

Since fiscal year 1954 started, or during this fiscal year, up to May 15, we

have given to others, in the form of foreign aid, \$4,224,906,564.

This makes a grand total spent on foreign aid of \$119,301,997,500.

These figures come from the Treasury, and have been furnished me by able statisticians. I believe they are absolutely accurate and correct, and cannot be challenged.

In addition to this \$119,301,000,000 we have given aid to other countries through the World Bank and the Monetary Fund to the extent of \$3,385,000,000.

I would also like to point out that in the period of time that we have been furnishing foreign aid to other countries, or since July 1940, the simple interest—not compound, but simple interest—which we have paid on the money we have borrowed to finance our foreign-assistance program alone totals \$18,606,-524,210.57 up until May 15 of 1954.

So when we add these figures together we find that in principal and interest on our foreign-assistance programs, in one form or another, have cost the United States since July 1, 1940, the staggering sum of \$131,031,895,964.

Yet, despite the fact that the United States of America has been the most generous, the most open-hearted nation and people in the history of the world, we find that since we started these foreign-aid programs world communism has grown stronger than ever before, so we now have at least 800 million more people under the control and domination of communism than when we started. Yes, we have more enemies and fewer friends in the world today than when we started; and right at this very moment we find, to our sorrow and to our regret, that, perhaps, our leadership in world affairs is not as strong now as it has been. Certainly, we have not received the co-operation and the assistance from others we expected or should be entitled to, in all good common sense. So, it seems to me that perhaps it is time for us to re-examine our foreign policy and our foreign-aid program, and weigh judiciously and solemnly all the evidence which is before us, and determine whether or not these things we have been doing are right and proper and what we may have to do about it.

One other thought I wish to call to your attention: The testimony on this bill before the Committee on Rules the other day indicates we have somewhere between nine and one-half and ten billion dollars, or will have as of July 1, of unexpended funds in our foreign-aid appropriations carried over, of which anywhere from \$2.5 billion to \$3.5 billion or \$4 billion—according to whom we listen to and from whom we get our information—are unobligated today. In other words, we have enough money in the appropriations which have already been made in the past for foreign aid purposes to permit the present foreign-aid program to continue to function at the same level or schedule as for the last few years and run it for more than 2 years without appropriating another dollar.

It seems to me that the suggestion of one of the members of the Foreign Affairs Committee, that we delay action on

this legislation until we know a little more as to what the future may hold, and what agreements and arrangements may be made in certain conferences now going on in Washington, and what co-operation we may have from other countries, and what solution may be possible to expect in the Indochinese situation—was a very good one. It seems to me that member made a pretty good point, indeed, something which we might well consider.

Mr. Speaker, I wish to say something in conclusion, that is not said in any spirit of criticism. It has been suggested that we look at this matter with our souls and our hearts rather than in hard-headed realism. I have tried to do just that. But I am not unmindful, Mr. Speaker, of the fathers and mothers of the boys who fought and died, and of our expenditure of \$500 billion which we poured out in World War II, to help other countries; and of the American blood and money spent in Korea. I am not only thinking of the mothers and fathers, and of the boys who fought and died in these wars of the past but also of those boys whose lives are at stake in the future, and of the mothers and fathers of those who may be called to go into combat again under this present foreign policy. Yes, American mothers and fathers, and even American fighting men, have hearts and souls also. The young men who have been killed in combat—American boys—and those who have been wounded and maimed, were also possessed with hearts and souls.

While we want to cooperate in aid and do all we can to measure up to our responsibility in world affairs, from a commonsense standpoint, if nothing else, it seems to me it is our job as Representatives of the American people, to give just a little thought and attention—yes, even a great deal of thought and attention—to what is really best for the United States of America.

Cooperation Avenue is a wonderful boulevard, but it should be, and it must be, a two-way street, or it will not serve a worthwhile purpose.

So I am urging my colleagues, the Members of the great House of Representatives of the United States, to give this legislation serious and thoughtful consideration, remembering that after all we do represent the American people.

Mr. SMITH of Virginia. Mr. Speaker, I believe everyone on both sides of the aisle is familiar with the contents of the rule. I know of no objection to it and I have no requests for time. I join with the gentleman from Illinois in hoping that the rule will be promptly adopted.

Mr. ALLEN of Illinois. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

Mr. VORYS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 9678) to promote the security and foreign policy of the United States by furnishing assistance

to friendly nations, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 9678, with Mr. BROWN of Ohio in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. VORYS. Mr. Chairman, I yield such time as he may desire to our beloved and distinguished chairman of the Committee on Foreign Affairs, the gentleman from Illinois [Mr. CHIPERFIELD].

(Mr. CHIPERFIELD asked and was given permission to revise and extend his remarks.)

THE REALITIES OF UNITED STATES FOREIGN POLICY

Mr. CHIPERFIELD. Mr. Chairman, we are about to begin the discussion and debate on H. R. 9678, the Mutual Security Act of 1954. In my opinion this legislation is vital to the security of the United States. This bill has been carefully studied by your Committee on Foreign Affairs, and will be analyzed carefully during this debate by the membership of the House. But before going into a technical discussion of the provisions of this bill I believe it would be helpful to give serious thought to the realities of the world situation with which we are confronted.

In recent years our foreign policy has expanded to all parts of the globe. It has become a tremendous economic burden not only on ourselves but our allies as well. Since the future of the entire world depends upon its success, it behooves us to constantly keep in mind its primary objectives. The most important of these is to promote the peace and security of the United States. We should never lose sight of the fact that our foreign policy should be inherently for our own self-interest. I believe we can do this, and at the same time cooperate with friendly nations to bring about world peace if it is possible to do so.

The commentators and the press frequently give most of their attention to what the United States does for foreign nations, and what those nations think of United States foreign policy. This would lead one to believe there is an apparent contradiction between such a selfish objective for our foreign policy and the extent to which the Government of the United States has concerned itself with worldwide problems in recent years.

In my opinion, it is not being inconsistent for us to strive for the achievement of international peace and security so that armed force shall not be used except in the common defense of the free world. The efforts of the United States and other nations to promote peace and security must be based on the principle of continuous and effective self-help and mutual aid. Not to do so would expose ourselves to the danger that in following a policy which is necessarily and desirably selfish we devote so much attention to ourselves that we get out of touch with reality.

THE SOVIET THREAT

We are not being realistic and we are not protecting our own security in an admittedly troubled world if we disregard the fact that the Soviet Union constitutes a threat to every man, woman, and child in the United States. It would be a wonderful thing for all of us if this threat did not exist. Our taxes would be lower, our sons would not be drafted, and we could stop worrying about many of the problems of foreign countries which necessarily must be of concern to us now. This has not been a decision of our own making. We wish there were no Soviet threat; we wish that, somehow, the masses of people behind the Iron Curtain could, through some miracle, free themselves now from Kremlin bondage. The realities of international life give us no other choice but to consider the Soviet threat as the No. 1 menace to mankind everywhere, including the United States.

We must face facts as they are and not as we wish them to be. As chairman of the Committee on Foreign Affairs, I have access to most of the information which our Government has about Russia. In addition to the frequent meetings which the committee has with the principal officers of the Government, I am invited from time to time to the White House and to the office of the Secretary of State for consultation on problems which arise; also, I have made a study of defenses in many of the NATO countries, as well as having penetrated the Iron Curtain through my visit to Moscow last fall. Nothing I have been able to learn encourages me to believe the present rulers of Soviet Russia are any less hostile to the United States or less intent on bringing the world under Communist domination than was the Stalin regime.

The reality of the Soviet menace does not depend on the accuracy of our reading of the minds of the men in the Kremlin. We know that in Europe the Soviet Union has atomic weapons; we know that the Soviet Union has between 175 and 180 divisions under arms and some 20,000 aircraft; we know the Soviet Union is strengthening the military power of its satellite countries; we know that the present Soviet leaders have been indoctrinated from childhood with the belief that communism must destroy the capitalist world or itself be destroyed; we know that the men who dominate Russia today, in common with all dictators, live in constant fear of their own people. As a consequence, they cannot permit friendly contact between their people and other nations. It is necessary for the Kremlin to keep the people behind the Iron Curtain in ignorance of conditions in the rest of the world, and saturated with propaganda of foreign enemies in order for them to accept the misery in which they live as being imposed on them by the necessity of preparing for an attack by hostile nations.

Consequently, it is clear to me that the Soviet Union not only constitutes a threat to the United States today, but that its leaders are the victims of forces which prevent them from allowing Russia to become a friendly and peace-loving nation.

The primary problem of United States foreign policy is the protection of the United States from the Soviet threat.

Because of these realities with which we are faced, we must by necessity realize, in order to obtain such common defense for the security and general welfare of the United States that our foreign policy must promote appropriate and necessary steps to facilitate the effective participation of such nations in planning for individual and collective self defense, including the furnishing of military assistance to such friendly nations and international organizations.

I fully realize there are those who do not agree these steps are necessary to implement our foreign policy. They believe that a continental defense of the United States is entirely possible. They believe that it is possible for us to make a stand behind our ocean barriers and, with the resources available to us, to beat off any attack launched against us. They do not subscribe to the argument that if Europe or Asia or both fall into Soviet hands, the task of United States to defend itself perhaps while not impossible, becomes increasingly more difficult.

I am convinced, however, that continental defense is not the most effective or the cheapest way to defend the United States. It is the sort of thing we should be prepared to do as a last resort, but only after other measures which promise a quicker victory at less suffering and sacrifice to the United States have failed.

There is no doubt that we can spend every cent we now spend abroad to great advantage at home. But can we—dare we—take the risk of doing so?

While at times I have found myself in disagreement with some of the programs included in our foreign policy, I believe our best chance of survival is bound up in some form of collective security. The United States cannot be the sole gladiator to save the world.

MAJOR PROBLEMS CONFRONTING US

If this is so, then, to keep ourselves secure from the Soviet and Red threat the United States is confronted with two major problems. First, the necessary preparation to withstand a military attack; second, the prevention of such an attack, if possible.

The preparation to meet an armed attack is essentially a military matter. Nevertheless, our policy toward and relations with other nations has an important influence on the nature of our military defense.

I am fully in accord with the basic defense concept of President Eisenhower and our military leaders. This concept is based on the theory that the best defense is for the United States to build up the military strength of ourselves and our allies to such a point that we can withstand a military attack. Such a plan makes a network of airbases as close to the borders of Soviet Russia as possible of great strategic value. This concept requires the full use of modern weapons, the construction of which involves the use of rare minerals and other materials which have to be imported from outside the borders of the United

States. In furnishing such military assistance we must also exert maximum efforts to achieve control of weapons of mass destruction and universal regulation and reduction of armaments so as to lessen the changes of a successful attack against us.

It is difficult for the American people, accustomed as they have always been to the apparently limitless resources of our country, to take a realistic view of the situation we face as regards strategic materials. We depend on foreign sources today for 30 percent of our requirements of copper, lead, and zinc; 50 percent of our requirements of tungsten, bauxite, and antimony; 75 percent of our requirements of chrome and manganese; and all of our requirements of tin and jute. Our Joint Chiefs of Staff are very conscious of these facts and our defense strategy gives full recognition to them.

It is important to our military defense also that as large a portion of the manufacturing facilities, technical skills, and natural resources of the world as possible be kept from coming under Soviet domination. If the steel and electrical industries of Western Germany, Belgium, and France could be added to the production capacity which the Soviet Union already has, the enormous production advantage which the United States has always maintained over the Russians would be gone.

If we want to keep the minerals of Africa, the oil of the Near East, and the factories of Western Europe out of Russian hands, it is desirable that we enlist the help of other nations in defending these distant places. It is not the policy of the United States to defend the steel industry of Lorraine for the sake of France, or the oil of the Persian Gulf for the sake of the Arabs. It is our policy to keep these resources away from the Russians for our own military benefits. It is in the interest of the people of those areas to defend themselves against Soviet aggression and we gain by assisting them to do so effectively.

All of these considerations indicate that a carefully planned and comprehensive military defense plan thrusts the United States into contact with foreign nations and requires us to participate in solving some of their problems.

PREVENTING A SOVIET ATTACK

It is clearly our first duty to prepare ourselves to meet effectively a Soviet attack if it comes. It would be the height of folly to depend entirely on negotiation, political maneuvering, and economic pressure to combat Soviet aggression with the consequence that should such a policy fail we would inevitably fall under Russian control.

Nevertheless I personally am confident that if we use our ingenuity and our resources and our moral stamina effectively, we can prevent a Soviet attack. I am convinced that United States foreign policy has already succeeded in putting the Communists in a position where it is less advantageous to them to launch world war III than was the case a year ago.

In the first place, we must never forget that self-preservation is the first interest of the men in the Kremlin. They

are not patriots striving to improve the welfare of their people or willing to sacrifice their lives for their country. They are tyrants whose first interest is the protection of their skins and their jobs. They are in constant fear of revolt from within. They would never go to war merely in defense of a principle. They would only launch an attack if they were sure they would win.

Furthermore the Soviet leaders prefer subversion to military action. They know better than anyone else in the world how to undermine a government and to impose their control on a nation without resorting to military force. They certainly have no reason to abandon such methods in view of conditions in many nations today.

I feel confident, however, that the United States, by continuing to build up our ability to retaliate against an armed attack and by working zealously to prevent Communist subversion in other nations as well as our own, can make sure that the Soviet leaders will not believe it is to their advantage to launch an attack. Much can be accomplished in this direction by building up better understanding among the free peoples of the world; that through joint organizations, we can establish united fronts based on self-help and cooperation better equipped to resist aggression and prevent world war III.

THE NATURE OF FOREIGN AID

President Eisenhower has inaugurated a significant change in our foreign aid policy. Instead of aiding our military allies to build their defenses to be ready for a given date of maximum danger, the policy has been changed in recognition of the fact that we do not face any longer a particular year of peril, but we must face a continuing threat over a period of many years to come. The result is a program of maximum defense at bearable cost.

A military program maintained at a rate that would overtax the economies of either the United States or of our allies would, under present conditions, be self-defeating. It could even be disastrous. I do not believe that the Soviet have established a date in 1954 or 1956, or at any other time on which an attack against the United States will be launched. I do believe, however, that the Soviet will launch an armed attack at any time and any place if they think they can gain a net advantage by doing so. In the meantime, the leaders in the Kremlin will try to turn nation against nation, to subvert from within, and to do everything possible to weaken the forces which are at present arrayed against them.

There would be no more fertile field for subversion than nations which devote so much of their resources to preparing for a war which does not materialize that the welfare of the common man is lost sight of. On the other hand, it would be even more dangerous for our allies to abandon or drastically curtail their military programs just because they believe that a Soviet attack is not imminent. It is particularly important that the United States keep our own military expenditures, together with aid to

our allies, within such limits that our own economic health will be unimpaired.

I feel strongly that our policy toward economic and technical assistance must be reevaluated and redefined. The United States should not give assistance to any nation as charity. I believe that the American people are the most charitable in the world, but I am sure that they want their contributions to be voluntary and not imposed on them by law.

Assistance should only be given to a country if such assistance advances the foreign policy of the United States. No nation is entitled to United States aid as a matter of right. We cannot determine the amount of money which we should give a country by the misery of its people or its lack of development. There are some countries where it is in our interest to spend money for technical assistance. There are others where it is not. We do not have enough money to distribute it according to the needs of the underdeveloped areas of the world, even if such a policy were otherwise desirable.

At the same time, when we consider the basic problem with which our foreign policy is concerned, including our need for airbases, our requirements for strategic materials, and the importance of preventing Soviet conquest by means of subversion, it does not appear to be sound to limit ourselves rigidly as to the types of assistance we will provide. We should set rigid limits on the total funds available and we should clearly define by law the objectives for which assistance is to be given.

We must recognize, however, that our purpose in certain countries may be only to prevent the Soviet from taking over. The government and the people in such instances may not be pro-American. They may be entirely unwilling to commit themselves to an alliance with us or even to identify themselves as anti-Soviet. It may still be in the interest of the United States to provide limited aid to such a nation.

Nevertheless, I do not believe that we should spend large sums on countries which are uncertain as to which side they are on in the present world conflict, and we should not give military aid to any nation that is not willing to join with us wholeheartedly in carrying forward a common effort to meet aggression.

The important thing is that United States foreign policy is completely bound up in the realities of protecting the people of the United States against the Soviet threat. I have tried to give some indication of how complex and how big the job is. I am sure that some of the critics of our foreign policy are engaging in wishful thinking and are deliberately shutting their eyes to certain very important elements in the situation.

The ultimate decisions rest with the American people. Each person must decide for himself whether or not the Soviet threat is sufficiently real and important to justify the high priority which we are giving to it in our domestic as well as our foreign policy. Every American must judge for himself whether or not it is better to retaliate against an attack from foreign bases, or whether it is in our interest to leave it entirely up to other

nations to defend themselves against Soviet aggression.

There may be better ways of organizing our military defense than the one we have chosen. There may be more effective or less costly means for preventing a Soviet attack. I am sure that our program will change as our experience and wisdom grows and that our foreign policy will change with it. The one thing that we as Americans must not do, however, is ignore the realities of the situation we are in. I am confident that in assessing those realities we will not, regardless of honest differences, waiver in following our own national self-interest, welcoming allied solidarity and cooperation, and fortified in the knowledge that we are sharing mutual responsibilities and risks. Only by rallying our faith and our strength to meet the challenge can we be true to the people of America and the heritage which has made them great.

Mr. VORYS. Mr. Chairman, I yield myself 15 minutes.

Mr. Chairman, this is a foreign policy bill, not an appropriation bill. Our committee has been reexamining our foreign policy since we started our hearing on April 5. This bill overhauls the basic policy and administrative structure of our foreign-aid legislation. It repeals 14 different acts. It replaces a patchwork of stopgap, piecemeal measures with permanent law, but provides for an annual review of the authorizations and for continuous reports to the committees involved.

The bill is 82 pages long. The hearings have 1,326 pages and the index runs for 125 pages. Our report contains 113 pages. In addition to these, we have at the committee table 2 program books containing 641 pages describing in detail the programs and the economic conditions in each of the countries.

I am going to try to cover all of these in 15 minutes. If I can, I will yield for questions at the end, but it may be that Members can find the answers to their questions in this mass of material which I have just described.

I want, first of all, to pay tribute to our chairman and the beloved members of our committee who have labored so long together; to our devoted, hard-working, and intelligent staff; to the presentation team headed by Glenn Lloyd. This has been a colossal job. The man hours and the woman hours they have consumed are utterly incalculable, and my own feeling of gratitude toward them is immeasurable.

Mr. Chairman, the hearings on this program and the preparation of this bill have taken place during very critical days in world affairs. There were battles, conferences, defeats, negotiations, disagreements, disappointments and, latest but not least, an international weekend here in Washington. Honest doubts have arisen among some of our brethren as to the timing of House consideration of this bill. It has been suggested that we defer final action until things are more settled. Our committee felt otherwise by a vote of 17 to 4. We think a lot of things will not get settled until we start settling them. We think that in a naughty world of uncertainty, confusion, and doubt, the greatest legislative body

on this planet, the American Congress, should march steadily and promptly forward with the business of providing the means of waging peace in a cold war. We think we should not wait for any international conference or foreign statesmen to tell us what we want to do. We think we should show the world at this time that we still have money and power and the will to use them, and courage and confidence.

TITLE I. MUTUAL DEFENSE ASSISTANCE

The bill has five titles.

Eighty-seven percent of the fiscal year 1955 authorizations for appropriations of \$3,440 million is in title I, for military assistance and support of military effort. Over 90 percent of the \$9,700 million of unexpended balances is for the same purposes. There are all kinds of ways of classifying the various programs in this bill. We note that the President has more under "military" in his last message than he had in his budget message, and your committee has placed more under this title than the President did. For instance, only \$1,375 million, 40 percent of the total of the bill, is exclusively for providing military hardware and training; the rest of the title is to support and insure the effective use of the military hardware and the training.

Infrastructure is in title I; \$321 million, \$122 million to be appropriated this year.

Direct forces support is \$945 million. That is 27 percent of the bill.

Defense support is \$465 million. That is 13 percent of the bill.

These two items, direct support and defense support, we may call economic aid, if we wish. But let us take Korea where they are building toward the support of 20 divisions, while the United States has 17 divisions. That war-torn country simply does not have what it takes, does not have the economic base to support the military forces that they want and we think they need in the interest of their security and ours, unless they receive economic support, call it relief, economic aid, or whichever you please. The same thing applies to Formosa, to Greece, Turkey, and Spain. They cannot arm and support the forces that they want and we think they need for their security and ours unless they have outside economic support. That is where about half of title I goes.

THE MUTUAL SECURITY CONCEPT

Every country that gets anything under title I signs a mutual security agreement. Here is the policy and the arithmetic and the economy involved in this mutual security idea. There are those who think we should reexamine everything now, and do nothing for a while or perhaps pick up our marbles all over the world, stop everything we are doing and come home and wait for the Soviets to come over here and then fight them. I think if we did that they would be over, and we would fight them here, alone.

I have seen the war-devastated countries of Europe and I believe that our policy should be that if war must come, we should arrange to fight it away from home and on friendly shores and not do all the fighting ourselves. That is what

mutual security is about. We need forward bombing bases and supplies of strategic materials in friendly lands. When we give other countries a chance to defend their own soil, with our help, we help them, and we help ourselves.

Let us talk about the economy involved. United States forces are now 3,046,000 men; 17 divisions-plus; 115 air wings now, and a navy, and the cost this year, in the bill we passed the other day, is \$28 billion. This present bill will furnish arms and training and support for 175 divisions spread all over the earth; 220 Air Force squadrons; 1500 naval aircraft, and considerable naval forces, and the cost will be about \$3 billion.

It costs to maintain one American serviceman overseas \$5,866 a year, without a weapon in his hand. Look at page 156 of our hearings. It costs to maintain one European serviceman \$1,112 a year with no weapon in his hand. By this bill we spend about \$700 per man for these 175 divisions scattered all over the earth, to put weapons in their hands and to contribute partially toward their maintenance. When we do that, it seems to me, when we move forward with a mass of 175 divisions compared to our 17 and compared with 175 divisions the Russians have, we move in the direction not only of our security but of economy. Can we be sure they will all fight in the common cause? No, for they vary in ability, skill and willingness. We can be very sure, however, that hardly any of them can or will fight if we cut off all our aid now, as some suggest.

Title I has a purpose statement, section 101, on disarmament.

In spite of this vast military program we are still willing to disarm whenever that can be done with safety. Section 101 also provides for a joint organization in the Pacific and Far East. Those 2 provisions have been in the law 5 years, since they were first written in by our committee. So that this proposal of an SEATO, a Southeast Asia Treaty Organization, that some people say popped up first this spring, has been part of the official foreign policy written into law by Congress for 5 years, the proposal that Secretary Dulles and our President are urging at the present time.

Section 102 of the bill limits the use of Armed Forces personnel to advisory and training purposes of a noncombatant nature. This limitation on the use of armed personnel is in this bill, with executive approval.

Section 106 (b) contains the Richards amendment, 1946 version, with reference to EDC. We are providing for going ahead with EDC, but we have some language that would provide for an agonizing reappraisal if EDC is not ratified. The United States is not fooling around on the European army. We are for going ahead.

In section 106 (b) and section 121 we provide for Indochina and southeast Asia and the western Pacific, \$800 million in addition to unexpended balances that bring the total up to \$1,390,000,000. There are other people and nations who

are stalled at this point and for going backward, but we are not fooling around on what should be done out there. We are for going ahead.

Section 107 provides for reimbursable aid. Many people have not heard of this because it does not cost anything, but under that section, \$677 million of arms have been sold to 46 other countries with, of course, Canada in the lead as a purchaser. I personally hope that this section, where other nations pay for their arms, gets to be the biggest section in this whole bill someday.

TITLE II. DEVELOPMENT ASSISTANCE

This is a new concept. It is economic aid greater than technical assistance, not for war recovery, not to sustain military effort. Israel, the Arab States, India, and Bolivia are included. The amount is \$224 million, 7 percent of the whole bill. The committee requires one-half of this to be in loans; therefore, the grant money under the development section, title II, is \$112 million, or 3.5 percent of the total of the bill.

TITLE III. TECHNICAL COOPERATION

We have put into this provision what the American people thought was there all the time. This idea of technical assistance that started years ago and was carried on successfully during World War II by Nelson Rockefeller in Latin America was first enacted into policy law by the Republican 80th Congress in the act for exchange of persons and skills. President Truman appropriated that for the fourth point in his inaugural address in 1949. We have now got it into shape where all parties agree that it is a good permanent measure. There is \$132 million provided, which is 4 percent of the total. We have provided in section 304 that commodities and equipment under this program can be furnished only for instruction or demonstration purposes. It is not the idea of the committee that this shall become a new and expanded form of economic aid all over the world.

TITLE IV. OTHER PROGRAMS

This is sort of a miscellaneous part of the bill that has certain important sections.

Section 401 provides a special fund to furnish the President with \$150 million for liberation purposes under the Kersten amendment and for unforeseen emergencies. Thus, with the two provisions in section 106 and section 501 authorizing transfers of 10 percent from one part of bill of title I to another, and 10 percent from one part of the bill to another provided the transfer does not increase any amount over 10 percent, gives the Executive the flexibility we feel is necessary in such legislation in troubled times like the present.

Title IV contains new authorizations of \$96 million or 3 percent of the bill, and it takes care of Berlin, where we have a special program, the children's welfare fund, ICEM, a refugee organization, UNREF, another refugee organization.

PALESTINE REFUGEES AND VARIOUS OTHER PROGRAMS

Along about here in the bill, some sort of new ideas have come in. We provide for some activities and limitations that

are a little different. We provide that \$500 million of this program shall be paid for with agricultural surpluses.

The CHAIRMAN. The time of the gentleman has expired.

Mr. RICHARDS. Mr. Chairman, I yield the gentleman 10 minutes.

Mr. VORYS. I thank the gentleman. I have already allotted all the time we have at our desk, but I do have a few more things which might be said in this general outline of what the bill is about.

Mr. Chairman, as I say, although for 8 years our committee has been handling the matter of agricultural surpluses and had provided for the use of over \$8½ billion of agricultural surpluses in the foreign aid programs, it was decided this should be handled otherwise this year. However, we have in this bill a provision that \$500 million of the whole program will be furnished exclusively out of agricultural surpluses.

Section 454 extends the remaining \$150 million for guaranties to include guaranties against war, revolution and insurrection, in addition to the present guaranties with reference to flexibility of currency and expropriation. These guaranties have been little used. Only about \$45 million of guaranties have been written. There has never been a loss and we have made about a million dollars in fees collected. But no country, no businessman, and no bureaucrat, I suspect, is going to use guaranties, if he can get grant-aid money, and it is hoped by some restrictions on grant-aid money and the reduction in the amount that the guaranty provision will be used more.

Section 505 provides that 10 percent of the money obligated under titles I and II shall be loans. This might amount to as much as \$338 million. Our committee through past years has required over a billion and one-half dollars of our aid should be in the form of loans. This has always been resisted by the Executive. All the loans we authorized have been taken up. None of them have been defaulted. Over \$49 million of collections have already been paid in on these loans. As a matter of fact, in the table which my friend, the gentleman from Ohio [Mr. Brown] gave you recently, some of the aid we sent out has been repaid. Since the war, over \$11 billion of our foreign aid has been in the form of loans, and since World War II, there have been payments on interest and principal on these Government loans, which the bankers say are no good, of over \$3,700,000,000. So that it is the hope of the committee that we get development activity and some things like that into the form of loans instead of grants.

These three provisions make a sizable total.

Agricultural surpluses.....	\$500, 000, 000
Guaranties	150, 000, 000
Loans	338, 000, 000
Total.....	988, 000, 000

If those are used as they should be, and as we hope they will be, there will be a substantial reduction in the use of grant-aid funds that are not earmarked.

TITLE V. MISCELLANEOUS PROVISIONS

Title V contains administrative machinery. Here I confess to two conflicting beliefs. In the first place, I believe that if unification is good for the Defense Department, which involves our overseas military activities, triplication is not good for our overseas nonmilitary activities. I think all of those nonmilitary activities should be in the State Department, but the President has provided otherwise in Reorganization Plans 7 and 8, for FOA and USIA.

My other belief which conflicts somewhat is that any Executive should have rather broad authority to organize things the way he wants, because form of organization should be the servant not the master, in getting things done. Therefore this bill in title V leaves organization matters up to the President. He can go on with an independent FOA or eliminate it or consolidate it at any time.

This bill is permanent legislation, in that it has no termination date for the whole program, but annual reports are required and notices of changes in program, and the Congress as well as the President can terminate any program to any country at any time.

This finishes my outline of the main provisions of the bill.

Mr. GAVIN. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield to the gentleman from Pennsylvania.

Mr. GAVIN. The gentleman said that EDC was going ahead. The gentleman knows it is really a dead issue at this time. I thought the gentleman might discuss it, because some time ago I think Secretary Dulles said something about an agonizing reappraisal of the EDC, and bringing up the question of rearmament of Germany. I wonder if the gentleman would take a few minutes to tell the committee just what the situation is, and whether Secretary Dulles is going to give in this agonizing appraisal consideration in the rearmament of Germany militarily.

Mr. VORYS. The discussion of that in our report, which I helped to write, is so good that I know it will give the gentleman all the information he desires, but I do not have time to read it to the gentleman. I also know that the gentleman from South Carolina, [Mr. RICHARDS], when he speaks to us, will give an explanation of this amendment which, as I said, provides first for going ahead with EDC; and, second, provides an arrangement so that a reappraisal can be, if necessary.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. The gentleman referred to \$500 million for disposal of surplus agricultural products.

Mr. VORYS. Yes.

Mr. AUGUST H. ANDRESEN. Is this in addition to or a part of the legislation passed last week?

Mr. VORYS. Momentarily it is a part of it, although we had a moving target to tie to. But, as I understand, that bill provided for \$1,300,000,000 when it

passed the House, and as it came out of conference, \$750 million. If that is correct, I would imagine—I cannot speak for the committee—but I imagine the committee would probably have in the next few hours or days an agonizing reappraisal of that provision and make it a separate provision in this bill for \$500 million to be used for this program, and then let the \$700 million be used as the conferees and the President saw fit. That would mean that there would be a possibility that there still could be \$1,250,000,000 of agricultural surpluses used for various purposes under the two bills. However, that is only my opinion.

Mr. GAVIN. Mr. Chairman, will the gentleman yield further?

Mr. VORYS. I yield.

Mr. GAVIN. For your own personal opinion, does the gentleman think we should continue to work with France and Italy in this EDC program? It is my opinion we should build on strength rather than on weakness. Does not the gentleman think it is about time that this agonizing appraisal talked about by Secretary Dulles should give immediate consideration to the rearmament of Germany militarily?

Mr. VORYS. I happen to think there is some reappraisal talk going on among the other members of EDC. They have called a meeting to discuss the matter. I would not be surprised if that were being discussed at the other end of Pennsylvania Avenue; and I also would not be surprised if in those discussions consideration of other alternatives did not have the effect of causing France and Italy finally to ratify EDC—as I say, I would not be surprised.

I do not agree with the gentleman that EDC is dead—yet; although it has been in pretty bad shape for 2 years.

Mr. GAVIN. It has been in existence for 4 years, and it is about time that we have less talk and that some action be taken to build up the defenses of Europe.

Mr. VORYS. That is right.

Mr. GAVIN. Does not the gentleman agree with that?

Mr. VORYS. That is right; that is provided in the bill and described in the report.

Mr. GAVIN. I will be glad to read the report, but I wanted the gentleman's opinion. You really believe that it is being given consideration, that is, the rearming of Germany militarily to participate in some kind of defense program in this European setup either NATO or EDC.

Mr. VORYS. I think there is quite a lot of discussion of that going on all around the world. Every French leader with any responsible position agrees that Germany must be rearmed for the safety of Europe. I think, as I stated earlier, we are moving ahead on that front.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. RICHARDS. Mr. Chairman, I yield the gentleman from Ohio 5 additional minutes.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield.

Mr. GROSS. Is it proposed under this bill to establish a mercenary army of European refugees?

Mr. VORYS. No.

Mr. GROSS. There is a provision in the bill for the appropriation—

Mr. VORYS. The Kersten amendment is still in the bill, just as it has been for a number of years.

Mr. GROSS. What is the purpose of that amendment?

Mr. VORYS. The amendment states its own purpose. I have defended that amendment in the United Nations against the onslaughts of Mr. Vishinsky who felt that it was a very wicked amendment. I think obviously its purpose speaks for itself; and, again, the report shows what the purpose is.

But Mr. Vishinsky accused me—"this Mr. Vorys is proposing that we have a mercenary army to fight for the Wall Street barons in Europe."

I disagreed with Mr. Vishinsky as to his statement of purpose.

Mr. GROSS. I do not know whether they are to fight for the Wall Street barons or who they would be fighting for, but do you propose to set up a mercenary army somewhere?

Mr. VORYS. No.

Mr. GROSS. And is it going to be under our control or someone else's control? Who is going to control this mercenary army?

Mr. VORYS. I tell the gentleman now what I told Mr. Vishinsky, that in my judgment this does not provide for a mercenary army.

Mr. GROSS. What does it provide for?

Mr. VORYS. It provides for taking care of people who have escaped and putting them into the NATO forces if, as, and when that can be made possible.

Mr. GROSS. Does the gentleman say—

Mr. VORYS. Mr. Chairman, I do not yield further.

Mr. SPRINGER. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield to the gentleman from Illinois.

Mr. SPRINGER. May I ask the gentleman to return to section 402, providing for the earmarking of funds under the Agricultural Trade Development Assistance Act of 1954; can the gentleman state whether this allots \$500 million in effect to the State Department with the remaining \$750 million to the Department of Agriculture as far as these funds are concerned?

Mr. VORYS. All I can say is that section 402 as written attempts to tie it in with the Agricultural Trade Development and Assistance Act of 1954. It was the purpose of the committee that this should not be in addition to the \$1,300,000,000 authorized by that act when it passed the House. Now that that act has come out of conference, as I understand, at a figure of \$750 million, I would think that it would be the purpose of the committee at the appropriate time to offer an amendment which would make it possible that this \$500 million should be administered and carried on to insure that it is useful in this program separately from the other bill. On

that I can only say what is clearly in the bill now but it does not so well fit the bill that came out of conference.

Mr. DIES. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield to the gentleman from Texas.

Mr. DIES. Can the gentleman summarize his opinion as to what we really have accomplished by this assistance program since we started it.

Mr. VORYS. Yes.

Mr. DIES. What have we done? It looks to me as if Russia is stronger today than she has ever been.

Mr. VORYS. Yes.

Mr. DIES. She is ready to take Asia. Are we stopping her? Are we accomplishing anything?

Mr. VORYS. Yes. In 1947, Europe was in a state of postwar collapse and the Communists were moving in rapidly in Holland, France, certainly in Italy. A bill was rushed through in 1948 partly for the effect it might have in encouraging the Italians in an election year. Neither Italy, France, nor any other country in Western Europe has gone Communist since. To that extent we have held the line. Communists have not substantially increased their internal forces in any of those countries. That is to the good.

As far as this program is concerned, there was a China Aid Act in 1948. There has been a bipartisan foreign policy in Congress throughout those years to prevent China from going Communist. That policy was not shared by the Truman administration and, as the result, China went Communist.

Greece and Turkey were saved from Communist infiltration and aggression by the Greek-Turkish Act, and now guard the Dardanelles as sturdy allies.

Formosa stands as a constant threat to Red China.

Iran has been saved by measures taken under these aid acts. Pakistan and Iraq have joined as part of a growing southern line of defense.

Europe itself, recovered economically, has poured \$35 billion into a joint rearmament effort that, with our help, has increased their defensive potential several-fold on the ground and 2½ times in the air.

Spain and Yugoslavia are in on our side.

No European country has been taken over by the Reds since we started all this in 1947. In Asia, the picture is different. That is the picture this administration is now trying to correct.

We have had Korea, but no full-out world war III.

Meanwhile, the United States, after fighting and winning two wars, and while accomplishing these results by pouring out aid, has grown to a pinnacle of wealth and power never seen on this planet before.

We have had some difficulties and problems and disappointments. We face more. But I think that is quite a record of accomplishment. I know it must look that way to the Soviets. I think they hope we will stop this sort of thing. I do not think we should accommodate them.

Mr. RICHARDS. Mr. Chairman, I yield 10 minutes to the gentleman from Illinois [Mr. Gordon].

Mr. GORDON. Mr. Chairman, the Members of this House are asked to vote on the mutual-security bill at the very time that the distractions of the daily headlines make many wonder whether we should act at all. Some of my colleagues, I am certain, wonder whether the best action we can take is no action.

I can fully understand and sympathize with their concern. But I do not share it. Perhaps my membership on the Foreign Affairs Committee gives me an unfair advantage over them. Our committee started hearings on this bill on April 5. We had no fewer than 66 meetings and heard 80 witnesses. Regardless of how one may feel about the bill, he cannot accuse the committee of hasty consideration.

I approached this bill with an open and inquiring mind. If the executive branch had a case for asking us to vote additional foreign aid, I felt they ought to prove it. I do not subscribe to the theory that the world is our burden. But if the security of our country requires that we strengthen those who are opposed to Soviet communism, then each of us must give careful thought to the request to help them.

After all the evidence was presented, and we had deliberated fully in our committee, we reported out the bill that is now before this House. In our report accompanying the bill, we list the objectives which we believe the bill attains. Let me put them before you so that each of you may know what we on the Foreign Affairs Committee are trying to accomplish through this measure.

First, strengthen the ability of the United States to meet the threat of Soviet aggression. Let me say, in this connection, that the analysis of the military situation by our leading military men like Admiral Radford and General Gruenther make it clear that the Soviet menace is no less today than it was last year.

Second, maintain the stability and security of nations in which the United States has air bases and other defense facilities.

Third, keep the resources of Western Europe and of the free world generally from falling under Soviet domination.

Fourth, avoid action which would destroy efforts on the part of other nations which are in our interest and which we want to succeed.

Fifth, strengthen our ties of cooperation and friendship with the economically underdeveloped nations of the world.

Sixth, curtail expenditures in order that the budget may be brought into balance and that the strength of the United States be maintained.

Seventh, and finally, eliminate all aspects of the foreign operations program not essential to meeting the situation which confronts the United States today.

It is my belief that if the Members study the various sections of this bill, then measure them against the objectives I have stated, they will agree that

we have dealt with the present world situation in a manner as realistic as is humanly possible.

I would like to speak about one part of the bill that is a matter of particular interest to me. That is the portion dealing with technical cooperation or, as it is popularly referred to, point 4. I have always supported that program because I believe it offers the best hope to add strength to the free world.

It is natural for us to assume that our closest friends and allies are those who are receiving the most assistance in terms of dollars. Yet there are large parts of the world, outside the Soviet orbit, that are concerned with meeting the bare necessities of life—fighting against hunger, against disease, against illiteracy. They are attractive targets for the Communists who promise so much. It is in our national interest to see that these people overcome their difficulties and improve their lot without surrendering to the Red tyrants.

The technical cooperation program offers them a modest beginning toward their self-improvement. We can show them how to do the things that will improve their economy without any loss of their independence or self-respect. To me the heart of this program has always been the exchange of people—our people going abroad and foreign people coming here to train themselves.

In the last few years there has been a tendency toward sending abroad large amounts of supplies and equipment as part of the technical cooperation program. I regret that because I think, in the long run, such activities will be self-defeating. If we accustom people to improve their crops by sending in fertilizer, and then stop sending it, they are no better off than before we started. Whatever we do has to be done with a view to their carrying on the project. And that means that we ought only to do those things that are inexpensive so that they can take over the projects and keep them going.

This bill brings the technical cooperation program back toward the original idea. At the same time it does not weaken the program. If I thought that it did that, I would oppose it.

Mr. Chairman, whatever partisan attitudes enter into other measures that come before this House I can say that on the Foreign Affairs Committee our differences are not party differences. Each of us is concerned with arriving at a decision that will strengthen the United States abroad in this critical hour of our national history.

I look upon this bill as a vital part of our national defense—as much as the bills we vote on for our military establishments at home. Like many of my colleagues I am disturbed by some of the things our friends abroad do or do not do. But we are partners in a coalition of free peoples. And the essence of freedom is the right to differ. So long as we are seeking a common end, I am willing to do everything I can to strengthen other peoples who prize their freedom as much as we do. This bill will do much, in my opinion, to achieve that purpose. It is for that reason that I urge its passage.

Mr. VORYS. Mr. Chairman, I yield 10 minutes to the gentleman from Wisconsin [Mr. SMITH].

(Mr. SMITH of Wisconsin asked and was given permission to revise and extend his remarks.)

Mr. GAVIN. Mr. Chairman, will the gentleman yield for a question?

Mr. SMITH of Wisconsin. A brief question.

Mr. GAVIN. I just want to ask the gentleman's opinion on the question of rearmament for Germany to participate in NATO or EDC. I do not know whether the gentleman was going to discuss the German situation or not, but I think it is of paramount importance. Nobody seems to want to discuss this German rearmament matter; at least, the speakers that I have listened to thus far. What I am interested in is whether this agonizing reappraisal that is going to be made the Secretary of State will consider Germany in this EDC setup or not. If the gentleman has an opinion on that, I should like to hear it.

Mr. SMITH of Wisconsin. Unfortunately, they did not call me in to ask my opinion on it, nor the other members of the committee. For myself, there will be no EDC, as I see it, without rearming Germany. That is my personal view.

Mr. GAVIN. I thank the gentleman.

Mr. SMITH of Wisconsin. Mr. Chairman, at the outset, I should like to say that I join and associate myself with the gentleman from Ohio [Mr. VORYS] in the comments he made regarding the committee and the staff. I should like to say that in my opinion no one has worked as hard as the gentleman from Ohio [Mr. VORYS]. It has been a prodigious job. He has certainly applied himself to it. I applaud him for it.

Also, I should like to call the committee's attention to the fact that minority views have been printed separately. For some reason that I do not know, these minority views must be asked for at the desk in order to get the printed copy. They are not on the clerk's desk with the majority report. But they are available, and I hope before we complete debate that Members will take the opportunity to read the views that four of us on the committee have expressed.

Mr. Chairman, at the outset there should be no doubt as to the position of those members of the committee who have joined in a presentation of the minority views on this mutual security bill for 1954. Let me quote from the first sentence of the first paragraph:

The undersigned members of the majority party pledge their support to President Eisenhower and to his administration in seeking to promote peace and security in a troubled world.

As stated in our minority views last year on the Mutual Security Act of 1953, we said we "share equally with the President, and all other members of the Foreign Affairs Committee, profound desire to achieve such peace and security."

I would also like to quote from the second paragraph of that report:

The proposed Mutual Security Act of 1953, H. R. 5710, marks another attempt in a long series of major foreign policy measures to bring about peace and security in a troubled world. Areawise, on a large scale, we started off with an Economic Cooperation

Act of 1948. When that proved inadequate, we tried a Mutual Defense Assistant Act of 1949. Then to demonstrate that we were concerned equally with directly raising living standards as well as defense standards, the Congress in 1950 put on the statute books an act for International Development. In 1951, the phrase "mutual security" was coined to describe what was termed a "new" approach—lumping together in a package bill the above laws and tying them together not too neatly with almost every single piece of legislation that bore the trade-mark "foreign policy," its nebulous connection with "mutual security" notwithstanding.

Mr. Chairman, what this program needs is a thorough post mortem examination. Each year, it seems, when this legislation is being considered, we are in the gravest crisis in the history of mankind. At this particular time, however, we are indeed in a grave crisis, a crisis which in my opinion compels delay in enactment of the bill that is before us.

Is it not strange, Mr. Chairman, that notwithstanding our efforts, and they have been sincere, communism is still on the march in Europe and southeast Asia? What is wrong; wherein is this program failing? If spending money and transferring our natural resources pellmell throughout the world could stop Communist aggression, then the battle should have been won before this. But, it goes on year after year and it seems to me that the policies established under this legislation now demand a New Look in the interest of peace and security.

It cannot be said that the American people have failed in their effort to contribute to peace and security in the world. Starting in 1917 until the end of the Korean war the taxpayers of our country had given to other nations all over the world in excess of \$129 billion. In that same period the United States for itself has invested in national defense and preparedness more than \$677 billion, yet there is no peace, there is no security for our people or for the world.

Has not the time come, perhaps it is long past due, for the Congress of the United States to evaluate this program? It certainly is our responsibility. Some may contend that this is a program that must go on for years. The American people, however, have grave doubts about it.

The ills of the world, as I see it, are not primarily military or economic. They are political and spiritual. This program fails to take into consideration these important elements.

Recently the Secretary for Defense, Mr. Wilson, returned from an extended trip abroad and he said that the world problem is not military but political. Witnesses appearing before our committee have said again and again that the free world is plagued by political unrest. How then does this bill before us meet these political and the spiritual problems, assuming that the judgment of these witnesses are sound?

As a matter of fact we rely on the force of military might and material goods to meet the issues of Communist aggression. We have adopted the Marxist philosophy of giving to governments material wealth in the hope it would buy friends. We have also been supporting with our billions of dollars defunct regimes and

socialistic governments that have failed to provide the kind of leadership that freemen want and need. We have absolutely ignored the principles used in our own country and we have failed to impress upon the rest of the world that if men are free they can solve their own problems without governmental interference.

The vast billions we have expended on this program alone have not reached the mass of the people. I have made that statement in past years when this legislation was before us. We have failed, in spite of these great expenditures, to win friends and people to the free world concept.

Why do not we give the people a chance to help themselves as the pioneers in our own country helped themselves and established the greatest Nation on earth with the highest standard of living ever attained in the history of mankind. We are proud of that achievement today, yet move forward to greater programs for the good of the free people, in science and other fields.

Private initiative, the hope of reward and the expectation of achievement have always been primarily responsible for the advancement of mankind. Can you find in this legislation any suggestion that the individual could hope to find some avenue of achievement?

We fully understand in this country that continued progress, be it spiritual or material, rests squarely upon a better understanding of the idea and individual freedom of choice and action with personal responsibility for one's own decisions. Yet today we find that governments are on the backs of the people and they are unable to go forward as we have gone forward. What has happened to our salesmanship, can we not sell the great American idea to the world?

What the rest of the world needs to know is how the United States achieved its present standards. In what way have we tried to advance the American idea, except by the scattering of our billions of dollars throughout the world in the hope that we could buy friends and security.

It is not sufficient to keep on reminding other people in other countries that the average American family lives twice as well as the family in the other nation, that it lives 10 to 20 times as well as the average Russian family, with all due respect to the great majority of the Russians. We must do more than brag about our achievements. We must be aware of the fact that the Communists have used these same facts to make people hate us, to make people envious enough to join the Communist plan to destroy our way of life, to destroy liberty and freedom and to take over what we have for themselves.

For one thing what we should be doing is telling them about the American idea of production, of the spiritual and material gains in life through faith and freedom, and not by a system which through force generates fear and hate.

The standards of living which we have and for which we are so thankful are not accidental but are found wherever the atmosphere of freedom and private ownership of property have prevailed, where

men could try out their ideas and succeed or fail on their own worthiness. A reading of history leaves but one conclusion that where the coercive force of government exists, where government seeks to impose its will upon the people, progress has been slow and plodding. As we look about us we know the truth of that fact, for as we enumerate the blessings which we have, government, as such, has played a very minor role. What did government have to do originally in the field of science and industry? Yet there are those today who believe that all-powerful government centralized and focused in one place can and should be the only dynamic force in civilization. This is a fallacy, and we are coming to learn that fact more and more each day.

Instead of governmental interference our country has grown to its present position where millions of people free and uninhibited have gone forward thinking creatively in terms of the wants and needs of our people. And the end is not yet in sight if we can avoid the prohibition of a coercive and centralized government.

Let us then remember one salient and dominant fact that if men and women are free to try their ideas in an open competitive market in an atmosphere of freedom all over the world communism as such will cease to be a factor and a threat to a free world civilization. This bill is silent on this fundamental proposition.

In many areas of the world misery and poverty prevail. As a people we want to help, we want to help them if we can. We have done very little to date under this program because we have failed to understand the basic need of those people and we have failed to understand the real solution of their problem.

We should recognize that the causes of misery and poverty in the so-called undeveloped areas of the world are not different from the causes of misery and poverty in our own land. They are, I believe, to be found in imperfect human relationships and the cure is to be found in improving those relationships where there is a sense of fairness and equity, where personality is respected, where children are loved, womanhood honored, and old age revered, morale is generally good and poverty and misery is not a problem. These are facts that we are prone to ignore and as we look to this legislation before us it seems to me that we are failing to direct our efforts toward policies that will eventually achieve the state of affairs that I have just referred to.

What direction should our policies take? In what way can this program be revamped if we decide to do it? Let me suggest:

First. Consider ways and means of meeting the political unrest engendered by Communist methods of infiltration and subversion.

Second. Go directly to the people with whatever material assistance we can give them by way of food and clothing.

Third. Establish private agencies to administer a program of assistance. Remove government insofar as possible from these operations.

Mr. CHIPERFIELD. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Wisconsin. I yield.

Mr. CHIPERFIELD. I simply want to say that the distinguished gentleman from Wisconsin has been a most diligent and able member of our committee. He has been most helpful during the consideration of this bill. Of course, that is also true of other members of our committee who have signed the minority report. I certainly want to thank the gentleman for the efforts you have made while we were studying this bill.

Mr. SMITH of Wisconsin. I thank the gentleman.

Mr. RICHARDS. Mr. Chairman, I yield 10 minutes to the gentleman from Virginia [Mr. HARRISON].

(Mr. HARRISON of Virginia asked and was given permission to extend his remarks.)

Mr. HARRISON of Virginia. Mr. Chairman, I want to address myself to the provisions of this bill dealing with Indochina or southeast Asia. This bill reauthorizes old expenditures under the mutual defense assistance program, that is, principally for end items and reauthorizes unexpended balances of \$458,100,000. In addition to that, it authorizes \$308 million in new appropriations for the same purpose. For the direct forces support program, which consists of direct aid to armies in the field, it reauthorizes appropriations of \$590 million, and in addition provides for an authorization of \$800 million more of new money. Under the mutual defense support program for Indochina, which consists of economic aid, largely designed to build up its military capacity, this bill reauthorizes \$28½ million of old funds and provides authorization for \$21½ million in new money. Therefore, Mr. Chairman, the total amount involved in this bill for Indochina is \$1,076,200,000 of old money and \$1,129,500,000 new money, making a total involved in Indochina of \$2,205,700,000.

Now the justification for this enormous authorization, both last year and this year, was that it was to implement the Navarre plan. Before the committee for weeks, the executive presented testimony and charts and programs and maps and details of what this money was being spent for and what it will be spent for in the implementation of the so-called Navarre plan. It has been explained too what the Navarre plan is, and that it is to build up native forces and troops who will do their own fighting, and that we, in the United States, are to supply the materials and furnish the ammunition for those troops.

Two contracts with the French Government have been put before the committee, under which there was to be provided for the Navarre plan 55 battalions, schools for noncommissioned officers, 1,500 miles of new road that we were to supply, and they were to supply the troops. These charts explain that, the number and details, the tanks, the planes, the jeeps, the ammunition, and so forth necessary to carry out that program. In the books on the table all of that is gone into in great detail, and the fiscal year program is justified solely

and only in the testimony in support of the Navarre plan.

On page 381 of these books it is stated that should the French plan prove incapable of execution; or should other unforeseen circumstances arise, the United States would not consider itself obligated beyond the amount that has already been made available.

This mass of evidence showed that the executive branch recognized that Congress has control of the purse, and it is the duty of the executive branch to justify the authorizations it seeks by detailed plans. During the committee consideration we all know what became of the Navarre plan. With the fall of the French fortress of Dien Bien Phu and the dismissal of General Navarre, the Navarre plan is now defunct. Immediately when disaster in that direction threatened, the Secretary of State flew to the north, he flew to the south, and he flew to the east apparently in an effort to find somebody who, under some circumstances, would join this country in a war in Indochina. Up to this time no one has been willing to do so.

The upshot of all this is that all of the tables, all of the charts, all of the testimony which the Executive Department has put in as justification for these figures in support of the Navarre plan have no validity whatever, and there is no additional evidence, no substitute evidence and no other evidence brought forward to justify the expense. Yet the bill carriers, as it is reported to you from the committee, the exact amount justified by a computation made on the basis of a purpose that no longer exists. The only limitation in the language in the bill is that it is to be made available on such terms and conditions, including the transfer of funds, as the President may specify.

May I ask the question, What are they going to do with all of that money? Do you know? Does anybody know? Do you think Grandma Dulles knows. None of them knows.

In the committee, Mr. Chairman, I moved that \$800 million of that sum, the amount provided for the direct support of the army in the field, be eliminated from the bill, and the committee report should state that the committee was prepared to support any new plan, when and if it was formulated, for the defense of southeast Asia, but until a plan was formulated that we would retain control over the purse, which the Constitution says is exclusively our responsibility.

Objection was made that foreign countries would think we were running out on them. How could that be true if the committee report stated and specified that the funds would be provided when and if a plan is formulated?

The President in his message to us said that the funds are necessary because of rapidly changing conditions in southeast Asia. Mr. Chairman, the views of the President are entitled to great respect, but I respectfully submit that under the reauthorization there is \$1,076,000,000 of old funds, and the bill would continue to have \$329,500,000 in new funds or a total of nearly \$1½ bil-

lion dollars. How could there be an emergency so sudden that \$1½ billion would not provide for the emergency until such time as the Congress could act? If \$1½ billion will not save us in an emergency, another \$800 million is not going to do it.

In the committee I offered another amendment which, it seemed to me, was simple enough, so simple that there could be very little objection to it. It recited verbatim, without any embellishment, without any attempt to interpret, the language of the United States Constitution as to the responsibility of the Congress in such matters as these. It recited the responsibility of the Congress to provide for the national defense, to declare war, and to make rules for the governance of the land and naval forces, and to make such laws as necessary and proper for carrying into execution these responsibilities. The amendment further provided that no funds should be used for combat of American troops outside of territorial United States except in such cases as the President, the Commander in Chief, might be authorized under the Constitution.

I did not attempt to interpret the language of the Constitution; I merely recited it in the exact language of the Constitution, and it seems a remarkable thing to me that we have come to the point where the recitation of the very words of our Constitution should be considered to interfere with American policy.

Mr. Chairman, the issues I am raising here do not involve a question of money; they do not involve the question of economy; they do not involve returning this country to any isolationist policy; they involve the grave constitutional question of whether this Congress should surrender its power over the purse and over the right to control war; and I say to you that if this Congress does not retain its power in those two respects then there is but little use to continue it in existence.

I recognize that during these perilous times extraordinary powers must be entrusted to the Executive, particularly in a case of emergency; but dictatorial powers should not be delegated unnecessarily. With the present Chief Executive there is no danger that such powers would be abused, but this may not always be true.

For my part I do not believe that the situation at the present time requires the Congress to surrender its constitutional control of the purse and its sole responsibility to determine when American youth should be committed to war in the absence of such emergency over which the President has power to act. I have confidence in the ability of the American people through their duly elected representatives to meet these momentous problems without abandoning the constitutional responsibilities of Congress.

Mr. VORYS. Mr. Chairman, I yield 12 minutes to the gentleman from Ohio [Mrs. FRANCES P. BOLTON].

Mrs. FRANCES P. BOLTON. Mr. Chairman, we have before us today H. R. 9678, the Mutual Security Act of 1954. It could not have come before us at a more difficult moment. The interna-

tional weekend that the gentleman from Ohio [Mr. VORYS] mentioned, unfortunately, has not as yet contributed anything to clarify our problems.

The happenings over the last years have placed us in a position of grave responsibility—responsibility to all sorts and conditions of men. We cannot very well walk out on those responsibilities.

This bill does not come to you hastily or just thrown together. Your committee began its hearings on April 5 and worked steadily until we reported the bill out on June 24. We spent a great many weeks of study, findings, and hearings. There were 80 witnesses who appeared before us and additional material was placed in the record. Sixty-six meetings and endless overtime in study have resulted in this bill.

As the gentleman from Ohio [Mr. VORYS] explained, this is a new bill. It repeals the existing patchwork of 14 statutes relating to foreign aid and munitions control and provides comprehensive, basic legislation to replace them. I want to associate myself very much with those who have spoken of the magnificent work that has been done by our chairman and by the majority leader of the committee, the ranking Republican member, JOHN VORYS. He has been very faithful and very hard working. He has worked against some heavy odds. I take my hat off to him.

I also want to say that the staff has been unbelievably fine. They do not seem to care whether they sleep or not when it comes to pressure at the end of all these hearings.

This program combines features of long- and short-term policy. It provides for better defense of the United States through the increase of the military potentials of our allies which can be added to our own strength. It helps to create conditions in the underdeveloped countries of the world which would improve their standard of living and make them healthy members of the free community of nations, willing and able to resist the ever-present Communist threat.

The mutual-security program, of which mutual-defense assistance is the military part, has been a major factor in the creation of fighting forces in Europe of such size, composition, and effectiveness as to serve as a strong deterrent to any further Soviet or Soviet-inspired aggression. In the event such aggression does occur, MSA-created forces stand ready to effectively counter it.

Through the combined efforts of all the participating nations we now have an integrated, effective combat structure in Europe. The defense needs of a given country are determined in cooperation and consultation with the United States military authorities, but frequently this necessary defense strength cannot be achieved or maintained without economic support. The funds of chapter 3, defense support, are designed to provide such support.

In the fiscal year 1954 the emphasis was shifted from Europe to Asia and the Pacific. In 1955 the proposed legislation reflects a further shift from Europe to the Near East and Africa and to Asia

and the Pacific. The committee report on page 8 calls your attention to this shift in emphasis.

In the past 3 fiscal years, the funds allocated for Europe dropped from 73 percent in 1953 to 27 percent in 1955, while for Asia and the Pacific it rose from 14 to 50 percent.

The program has been substantially reduced. For example, in the fiscal year 1953 we authorized over \$6 billion, whereas this year's bill would authorize only \$3,440,000,000. That is a reduction of over \$2 billion in a 2-year period, but at no point has the administration proposed economy at the expense of national security. The American people do not want such pledges. If we reduce this program further we will have to spend more money on our domestic defense and in addition jeopardize our security. Our military leaders tell us that we cannot stand alone and that money spent on the military portion of the mutual-security program is the cheapest way of obtaining our defense objectives. As the nations in Europe have grown militarily stronger, we have been able to reduce our program of military assistance. In 1951 that was over \$5 billion, in 1955 \$1,580,000,000.

Today, 9 years after the end of the war, we face an increased global threat of Communist aggression. That the Soviet policies have not changed can be seen from the fact that at no point have the Soviet leaders been willing to cooperate with the West to attempt to lessen the world tension. They need this tension for the success of their plans. The clearly demonstrated Soviet attitude in regard to unification of Germany, the peace treaty with Austria, free navigation on the Danube, and their whole policy in Asia are individual manifestations of the unchangeable determination for world domination. If Russia made some concessions and retreated, as was the case in Iran in 1946, in Berlin in 1948, and to a degree in Korea recently, it happened only because the Soviet leaders did not consider that the moment for armed conflict had come and probably they were ready.

WHY HAVE RUSSIANS BEEN SUCCESSFUL IN THEIR POLICY OF ENSLAVEMENT?

When the war ended we allowed ourselves to relax, diminished our Armed Forces and went back to peaceful production. The same general policy was followed by our Western Allies as they set about rebuilding while Russia continued to build her strength and developed new aggressive plans. Many will tell you that the Russians have been successful in their policies directed toward world domination for today they are holding under the shadow of the Kremlin 800 million people and vast natural resources.

Why have they been successful in the policy that leads to deprivation of all human freedoms and is resented by all free men? The answer is simple. The Soviet Union has had, since the time of its inception, a concrete and unchangeable plan for world domination and has been working steadily toward the fulfillment of this plan. The countries of the free world, on the other hand, have

been occupied with their own individual national problems and have been inclined to underestimate the advance of the Soviet power. Individual manifestations of the Soviet drive were opposed by us but we were mostly treating the symptoms and not the disease itself. We are fully aware now that only a dynamic, positive policy can withstand the impact of the negative destructive ideas of Communist conspiracy.

Morality, the force of public opinion, religious concepts of right and wrong do not influence Soviet leaders in their policies.

I say to you with very deep feeling that the only possible way for us to change the course of things in the world is to lead from strength; that is, to be very strong.

WHAT OUR AID PROGRAMS HAVE ACCOMPLISHED

We have helped European countries to regain a strength which has resulted in the establishment of a strong NATO organization. That Russia fears this organization can be seen from the intensity of the propaganda against it and from the fact that whenever we attempt to negotiate with them, they persistently demand that we abandon the NATO.

We must not forget that because of our assistance, armed aggression against Greece was decisively defeated, that the Russians were unable to take over West Berlin, which today is an island of freedom within the Soviet zone of Germany, and people risk their lives to reach this oasis in the desert of oppression. Because of the Mutual Security program, Iran, the Philippines, Thailand, to name a few, have developed strength and maintained internal order. Whenever we stood united, Russian plans failed. Wherever the free world lacked initiative and determination, the Communists advanced.

WHY IS THERE NEED OF ECONOMIC HELP?

Loss of Asia and Africa to our trade and commerce, inability to obtain natural resources essential to us would have a disastrous effect on our economy. I have before me a list of 48 essential strategic materials used in the United States, comparing domestic production with imported supply. Only in case of 11 items do we together with Canada supply over 50 percent of our requirements. In case of the 12 other items, we produce anywhere between 2 to 39 percent of our requirements. In case of the remaining 25 items, we depend entirely on foreign imports coming from Asia, Africa, and South America.

WHAT HAS HAPPENED IN THE COUNTRIES WE HAVE HELPED?

Famine-plagued India has increased her food production by 5 million tons as compared to her good year crop of 1949-50, and she thinks that the time is near when, barring national calamity, she will be self-sufficient in foodstuffs. Greece has become practically self-sufficient in wheat, and Turkey is now one of the major wheat-exporting countries when in the past it greatly relied on wheat imports. Panama and Jamaica are practically self-sufficient in rice. All over the Caribbean area we have been of great assistance in re-

housing the people that have been swept into the sea by the hurricanes. Only those who have seen the hurricane-devastated villages in that area realize of what importance these projects are, for they reach true "grassroots" of the country. All this through two specially trained technicians. Could anything be more economical?

Our program of technical cooperation in Thailand is amazingly successful. The Soviets in their propaganda to that country have done everything possible to convince the Thai people that America is a warmongering imperialist interested in depriving them of their thousands-year-old liberty and in turning them into its satellite. Yet by working with our people, by receiving instructions in the fields of agriculture, education, and public health the people have learned to regard us as friends.

The attitude of the Thai people toward us is the best and the least expensive way of counteracting the Soviet propaganda and psychological offensive and showing the people of Asia that we want them on our side, but free and independent and not as satellites.

The same is true in the New Hemisphere, where it is of basic importance that there be no Communist toehold.

DO WE NEED MUTUAL SECURITY PROGRAM?

This program of mutual security is one of the instruments of our policy designed to keep us in a position of leadership and to help the friendly countries to remain free through improvement of their military and economic position. Whenever we have adopted positive, strong programs we have been successful.

We must remember that mutual security is the logical counterpart of our efforts to eliminate communism within the United States. Mutual security attacks the Red conspiracy at its very source.

WHAT IS THE ALTERNATIVE TO THE MUTUAL SECURITY PROGRAM?

What is the alternative?

If we abandon this program we would be perpetually on the defensive, leaving to the Kremlin the final decisions of when and where to attack. You will remember that there were 12 free nations bordering Russia in 1939. Today there are but five. She has swallowed up the rest.

If we are to stand alone, turning ourselves into a fortress, a tremendous program for total defense in every cranny of the United States at unimaginable cost would have to result.

WE HAVE RESPONSIBILITIES TO FULFILL

What we must never forget is that a basic principle of Communist strategy is to divide—so the U. S. S. R. has sown suspicion of the United States wherever possible. Because we are the strongest member of the free community of nations, naturally Moscow wants most of all to destroy us. The Kremlin has systematically attempted to undermine all efforts that lead to the political and economic unity of Europe. To a degree, the Soviets have been successful in this. But this does not mean that we should abandon our responsibilities when some

irresponsible elements cry, "Yankee, go home."

We are not pursuing these costly policies in pursuit of gratitude and popularity. Our very strength and ability to help often makes us unpopular. But we must also remember that our aid programs, both military and economic, are undertaken in cooperation with the interested governments. They are not imposed upon them. We have no satellites. To us, only free nations voluntarily joining together can fulfill our hope for the world.

It may be asked what guaranties do we have that we will be successful in the objectives we pursue through this mutual security program. Is a fireman always sure that he will be able to extinguish the fire threatening to destroy a house? Is he to stop in the middle of the road to consider all the chances against him, meanwhile letting the whole street burn down because of his indecision? We are engaged in the deadliest of struggles where the very existence of freedom and human rights is at stake. We must assume the responsibility of the position into which we have been thrown, we cannot retreat.

I would say in closing this, that a country is not made of bricks and mortar. A country is made up of its people, the families, the mothers, the fathers, the daughters, the aunts, the uncles, the cousins.

Let me remind you that a country is its people: In houses and alone, in families, fathers and mothers, brothers and sisters, uncles, aunts, cousins—multiplied—that is a country and it is only as strong as its people. We must be strong and we must help our allies to be strong. Are we strong? Do we know what strength is? This is a moment when we must stop listening to all the little whistles of the alley fights. We must get together and be strong. We must unite, forgetting the aisle, regardless of the differences within our own parties. We must get behind the President of the United States and put down the greatest enemy mankind has ever known.

When we give, and we must, we must give with strength, with unity, and with responsibility so that we will contribute to the strength of allies with whom we are united in this common struggle against despotism and tyranny. Otherwise we will lose everything that has been built for freemen in this, our world.

Mr. RICHARDS. Mr. Chairman, I yield 10 minutes to the gentleman from California [Mr. SHELLEY].

(Mr. SHELLEY asked and was given permission to revise and extend his remarks and to speak out of order.)

Mr. SHELLEY. Mr. Chairman, I rise to support the bill being considered by the committee. I have continuously supported and do support the entire idea that if this country is to assume the leadership in the fight for democracy and freedom throughout the world we must lend a helping hand and give guidance and assistance to those who are more hard pressed than we have been in this country and who have not been as fortunate as we have been; and lift them up to a standard where they can join in the fruits of democracy.

At the same time, Mr. Chairman, several things have come up in the past several years which have made an impression upon me in regard to the attitude of some of those concerned with the administration of our relationships with foreign countries and I cannot help but mention one phase of that at this time.

Mr. Chairman, I have asked for this time so that I may lay before the House a detailed report on a problem which has become of major interest to me, and which has a direct connection with the Mutual Security Act and the Foreign Operations program which we are considering today. I intend to raise serious questions as to the United States Government action and policy as regards purchases of heavy electrical power producing equipment for installation in Government power projects. The major question I shall ask the House is whether it is sound policy for this administration to place reliance on foreign manufacturers of this type of equipment to the virtual exclusion of American industry. My personal belief is that it is not. I have two basic reasons for that belief. Firstly, I believe that the national security, heavily dependent on power producing potential, is placed in danger when this Government goes abroad to buy equipment on which we must depend to keep our industrial machine alive. Secondly, although I am and have been a firm supporter of the programs through which the United States has given economic and military aid to friendly nations in an effort to put them back on their feet, I believe that the time is past when we in the United States can afford to ignore completely our self-interest while building up the domestic economies of our friendly allies and former enemies. When that policy is carried to the point where elements of a vital domestic industry are in danger of being put out of business, I feel that the time has come to take another look at the policy—to borrow a phrase much overused today—a new look but a hard one, too.

When American workmen are losing jobs as a direct result of actions by officials of our Government in this field, we had better put a damper on the activities of some of those starry eyed officials. Unemployment in this country is now so serious that our Government should be taking active steps to reverse the trend rather than using its own contracting system to put more people out of work, as it is doing by its foreign purchases of power producing machinery.

At the outset I also want to make it clear that I have not abandoned my firm belief in the reciprocal-trade principle. But freedom of commercial trade between nations should not be confused with Government policy in making its own purchases of materials and supplies for use within the United States. It seems to me that a very clear line must be drawn between these two areas of action. The Government is not an ordinary commercial enterprise. Whereas it is perfectly proper for private interests in the United States to go out into the world market to buy wherever they see

fit, so long as such action does not give aid and comfort to our enemies in the cold war, the first duty of the Federal Government lies here at home with domestic industry and labor. My purpose in taking the floor today is to show that this obligation is not now being carried out.

Mr. Chairman, I have here a fully documented report on the way in which Government contracts for such equipment as generators, turbines, transformers, and governors for the powerplants at our big publicly owned and built dams are now being given to foreign companies at the expense of American workmen and to the detriment of the limited number of American firms which are capable of producing this vital equipment. Since I do not have time to give the full story here on the floor, I will ask permission to revise and extend my remarks and will put the material in the RECORD. But I do want to hit the highlights here and now so that my colleagues may become familiar with the way in which a few dreamers in the State Department are taking jobs from skilled American workmen in a vital industry.

Electric power is the basis for our whole industrial economy. It is also absolutely necessary to the national defense and to national security. Without unlimited and uninterrupted supplies of power, we cannot build and keep our atomic installations going; we cannot produce airplanes, guns, tanks, and all the other defense weapons we need; communications and transportation depend on it—in a word, without our electric-power supply we are powerless. The quickest way for a potential enemy to put us out of action would be for him to put our powerplants out of action. Further, our power-producing potential is hard put to it to keep pace with the growing peacetime demand for new power sources. In the event of a national emergency there would be a tremendous new demand. The powerplants the Government is now building, and the dams and plants for which the Federal Power Commission is now issuing licenses to public and private utilities must be ready to meet this demand without unnecessary delay. Turbines, generators, governors, and similar equipment to be installed in these powerplants are as essential to the peacetime or wartime production effort as the atomic weapons, planes, and tanks for which they provide production power are to actual military operations. We would not for one minute consider letting contracts to build munitions to any foreign firm. And yet we are now buying power-producing equipment from foreign countries with the most careless disregard for the same security considerations which prevent us from placing reliance on any foreign manufacturer for our weapons of war.

Construction and delivery of heavy electrical equipment is not an overnight proposition. They are not mass production items. Each separate machine must be designed and built from scratch to meet special requirements. The process is a matter of months and years. Any interruption in production or delivery could mean an irreparable time loss in

getting these powerplants into operation. With world conditions as critical as they are, we certainly can have no assurance that foreign suppliers, either in Europe or in Japan, can deliver on contracts calling for deliveries during the next several years, as is the case on contracts now being awarded. Yet because of pressures from the State Department we are awarding such foreign contracts in increasing numbers, to the extent that during 1953 foreign firms received contracts with a dollar value of almost 65 percent of those awarded to American firms. And the trend is increasing so that, if the policy is continued, it will not be long until foreign manufacturers are supplying our Government with more of this type of equipment than we buy at home. It is time we put a stop to the practice if we value our lives.

Mr. Chairman, since World War II we have poured billions of dollars into re-arming our foreign allies and into re-establishing their domestic economies and productive facilities under the Mutual Security Act and similar legislation. We have also spent large sums for operations under the point 4 programs to promote self-sufficiency among the less fortunate nations of the world. I have consistently supported those programs and I believe they have done a world of good, not only to the countries receiving our help but to the United States in preventing the complete loss of Europe and the Far East to communism. However, those programs were intended to help those countries to help themselves and to become self-sufficient as far as providing for the needs of their own people are concerned. They were not intended to build foreign industries to destroy our self-sufficiency and to come in and take jobs away from American workmen—particularly under present conditions when unemployment is on the increase here and where the domestic industry being undermined is as vital to national security as is the power-equipment industry.

In my prepared statement I have given details on a contract involving purchase of hydraulic governors for the powerplant at the Dalles Dam on the Columbia River in Oregon. A firm in my home district in San Francisco was the low American bidder. They were, however, underbid by a Japanese company. The San Francisco company had been encouraged by the Corps of Engineers and the Bureau of Reclamation to invest considerable sums of money in tooling up their plant to handle this type of job because the United States had insufficient production facilities in that line; they have built up an organization of skilled laborers and technicians so that they can design and build this vital equipment; they pay wages in keeping with our high living standards; and they spent over \$25,000 in preparing their bid for this particular contract. When bids were opened on this million dollar plus job it was found that the Japanese firm had underbid the San Francisco company by 22.4 percent, well within the 25 percent differential set up in Buy American Act regulations as a governing factor in determining whether

contracts for even nonstrategic purchases should be awarded to foreign firms at the expense of American suppliers. Further, it was found that the Japanese bid did not meet the specifications while the San Francisco bid was fully qualified. By every standard the bid should have been awarded to the company in my district. In spite of that, because of State Department pressures all bids were thrown out and readvertising ordered.

The foreign bidders now have the advantage of knowing how low they must bid to get outside the 25 percent buy-American differential. With the low wages they pay they do not have to worry about costs and can adjust their bids to almost any level. Their American competitors, however, who comply with our fair labor standards laws and pay 10 times as much in wages, have already figured as closely as they can on the contract. Their chances for getting the contract are now practically nil, which means that the company in my district must lay off a hundred men. That situation is being repeated all over the country.

Mr. Chairman, I have in my office a list of electrical equipment contracts awarded by the Corps of Engineers to foreign firms during the past 2½ years. A similar list was inserted in the Bureau of Reclamation appropriation hearings this year. The frequency of the awards is constantly on the increase. Because of the national security factor and the loss of jobs for American workmen we should put a stop to any further awards. In my complete statement I have outlined other considerations which should cause Congress to act without delay, including the fact that equipment supplied by foreign firms is not as reliable or efficient as that built at home, and that lack of maintenance staffs and parts replacement facilities may put it out of service for long periods of time.

State Department policymakers pay no attention to such commonsense arguments in our self-interest in this matter. They prefer to represent the viewpoint of foreign manufacturers rather than the American people who employ them. Present legislation and regulations which would prevent this favoritism to foreign firms if properly administered are ignored. In view of that disregard for the national welfare it is of the greatest importance that this Congress enact legislation at this session to force the Government agencies concerned to buy this highly critical equipment at home. I introduced a bill in the House for that purpose today. The bill has been numbered H. R. 9696, and it will be printed in the RECORD following my remarks. I urge the Committee on Public Works, to which it has been referred, to give it an early hearing, and I ask my colleagues in the House to interest themselves in the matter so that favorable action will not be delayed. So that full information will be readily available I shall extend my remarks at this point and give the complete picture.

To begin at the beginning, I have been aware of this problem for some time, as I am sure is the case with all of my col-

leagues. My knowledge of the situation was, however, confined chiefly to newspaper reports on the controversy over awarding foreign contracts for generating equipment at the Chief Joseph Dam in Washington and the McNary Dam in Oregon, both part of the Columbia River development. Just last Thursday, June 23, the Department of the Army announced that after considering new bids on the Chief Joseph Dam generators they have awarded the contract for their construction to the Westinghouse Electric Co. Since the foreign firm which was low bidder on the original invitation, English Electric, again underbid Westinghouse by 12½ percent, it seems apparent that the storm of opposition aroused by foreign awards of this type of contract is having some effect. The fact that on the same date another contract for generators at the Dalles Dam powerplant, also on the Columbia River, was awarded to Westinghouse despite a 7½ percent lower bid by English Electric seems to bear this out. However, there is no evidence that the basic policy has been changed, and until Congress takes action we have no assurance that it will be changed.

It was in connection with contracts for the powerplant at the Dalles Dam that I was brought into the middle of this fight. That happened back in January of this year after bids were opened by the Corps of Engineers on a contract for 16-turbine governors to be installed in the powerplant. The bids ranged between \$1,073,000 and \$1,486,000. The lowest domestic bidder was the Pelton Water Wheel Co., located in my district in San Francisco. They were, however, underbid by two foreign firms; a Japanese company, Hitachi, Ltd., and an Italian company. The low Hitachi bid was some \$240,000 below the bid submitted by the Pelton Water Wheel Co., amounting to \$1,314,785.

My attention was called to the pending award by the Pelton firm; by the company's employees; by labor organizations in the area; and by any number of the company's suppliers and firms in related industry. Because of the obvious importance of this particular contract in relieving serious unemployment in my district and preventing further layoffs of skilled help, I began a thorough investigation in order to get the facts and to do what I could to protect the interests of the Pelton Co. and its employees. The facts that were developed soon caused me, to broaden my inquiry into the entire field of Government purchases of electrical machinery for Federal power projects.

After preliminary discussions with the Corps of Engineers, I inserted into the CONGRESSIONAL RECORD on January 20 a brief statement in opposition to the general policy of soliciting foreign bids on this type of equipment. I based that opposition on the fact that by so doing we were not only undermining American industry and the high standards of pay and working conditions we have struggled to build up, but that it is false economy to try to save a few dollars on Government purchases when the domestic industry which loses the contract to a

foreign competitor is already suffering from critical unemployment. At that time I did not have full knowledge of the many other considerations involved, but I still hold to that position.

Further, on January 24 I addressed to the Chief of Engineers a letter in which I expressed my strong opposition to foreign award of the Dalles contract specifically, and to the general policy of permitting foreign firms to participate in United States Government construction projects within the United States. I ask that a copy of that letter to General Sturgis be printed at this point in my remarks. My colleagues will note my suggestion that congressional action on the matter seemed warranted.

JANUARY 24, 1954.

Maj. Gen. S. D. STURGIS, Jr.,

Chief of Engineers,

Department of the Army,

Washington, D. C.

DEAR GENERAL STURGIS: It has come to my attention that the Corps of Engineers recently invited bids on hydraulic governors for turbines to be installed in the powerhouse under construction at The Dalles, Oreg. I understand that a number of foreign companies were invited to submit bids and that the January 12 opening of bids disclosed that a Japanese firm, the Hitachi Co., was low bidder. I am also advised that an Italian company was second low, and that the Pelton Waterwheel Co., located in my district in San Francisco, and lowest American bidder, was third.

Preliminary discussions with members of your staff indicate that after evaluation of the bids by your district and division offices you will make a determination as to whether the contract should be awarded to one of the foreign firms or let to a domestic bidder. I want to urge most strongly that this contract be awarded to the qualified American company whose bid was lowest among those submitted by domestic firms. Although I do not support letting foreign firms participate in United States Government construction projects or the supplying of equipment therefor at any time, unless no qualified American company can be found, I believe it particularly imperative at this time of rising domestic unemployment to restrict participation in such projects in this country to American firms. The so-called Buy American Act expresses the explicit intent of Congress in this regard. In view of these factors, I feel that the award of the subject contract to any but an American firm would be most unwise. Should the contract be awarded elsewhere I shall feel it incumbent on me to request that the proper congressional committees look into the matter exhaustively.

Thank you for your consideration of this letter. Will you kindly advise me as soon as a decision on the contract is made?

Sincerely and cordially,

JOHN F. SHELLEY,

Member of Congress.

On February 3, 1954, Brigadier General Chorpeneing, Assistant Chief of Engineers for Civil Works, replied to my letter. I also submit the Engineers' reply to be printed in the RECORD at this point:

DEPARTMENT OF THE ARMY,

OFFICE OF THE CHIEF OF ENGINEERS,

Washington, D. C., February 3, 1954.

HON. JOHN F. SHELLEY,

House of Representatives,

Washington, D. C.

DEAR MR. SHELLEY: Reference is made to your letter of January 24, 1954, relative to the possible consideration by this Department of bids received from foreign concerns in response to an invitation for bids per-

taining to the design and manufacture of 14 main-turbine governors and 2 auxiliary-turbine governors for Dalles Dam, situated in the State of Oregon.

As of this writing, there has been no determination as to who shall receive the award. All bids received are presently undergoing evaluation by the district engineer to determine the bidders who are responsive to the invitation and who may be considered as responsible bidders in a technical sense. Six bids were received, as follows:

Low: Hetachi, Ltd., Tokyo,	
Japan-----	\$1, 073, 522
Second: Costruzion Meccaniche,	
Milan, Italy-----	1, 163, 628
Third: Pelton Water Wheel Co.,	
San Francisco, Calif-----	1, 314, 785
Fourth: Woodward Governor Co.,	
Rockford, Ill-----	1, 325, 888
Fifth: Allis-Chalmers Manufac-	
turing Co., Milwaukee, Wis---	1, 347, 165
Sixth: Mitsubishi, Ltd., Tokyo,	
Japan-----	1, 486, 202

Conforming with the requirements of the Armed Services Procurement Act of 1947 (Public Law 413, 80th Cong.) this Department follows a procedure of awarding contracts to the lowest responsible bidder, after formal advertisement. In a case where the lowest acceptable bidder is a foreign concern and its price, when compared with that of an American firm, involves a differential of less than 25 percent but is more than \$25,000 lower than the bid of the American firm, the regulations of this Department (Armed Services Procurement Regulation—sec. 6-105.1) promulgated under authority of the Buy American Act (41 U. S. C. 10 a-d) requires the contracting officer to submit the matter for consideration of the Secretary of the Army.

Should it be established that the technical qualifications of either of the two foreign concerns involved are satisfactory and their bids otherwise prove to be the lowest acceptable, in accordance with the Armed Services Procurement Act and the regulations of this Department, it will then be in order to refer the case to the Secretary of the Army for decision.

I trust that the foregoing explanation gives you the information you seek.

Sincerely yours,

C. H. CHORPENING,

Brigadier General, United States
Army, Assistant Chief of Engineers
for Civil Works.

Mr. Chairman, this letter is of some importance since it gives the status of the Dalles governor contract at that time, and because it also contains a general statement of the policy under which the Corps of Engineers and the Army operate in considering bids on this type of contract. The Members will note the references to the Buy American Act, which Congress passed in 1933 to protect American industry and American workers from just this type of low wage cost foreign competition where Government contracting is concerned.

With regard to manufactured articles purchased for use in Government projects or public works, the Buy American Act requires that such articles shall be of United States manufacture with certain exceptions, including a proviso that "if the head of the department or independent establishment making the contract shall find that it would unreasonably increase the cost an exception shall be noted." Defense Department regulations arbitrarily provide that a finding of unreasonable increase in cost may be made if the low American bid is

25 percent or more higher than the low foreign bid, or if a price differential of more than \$25,000 exists. The Pelton bid on the subject contract was 22.4 percent higher than the low Japanese bid, well within the 25-percent differential. I contend that on contracts involving hundreds of thousands or millions of dollars the alternate \$25,000 figure is unrealistic in making a finding of unreasonable increase in cost, and that its use in this instance is a direct evasion of the intent of Congress in passing the Buy American Act.

On January 25 the Pelton Water Wheel Co. stated its case protesting a Japanese award of this contract. Their statement, in the form of a letter to the Portland district engineer, does such a fine job of outlining the practical considerations which should be taken into account in evaluating the relative merits of an award to American or foreign contractors, that I place it in the RECORD for the consideration of my colleagues:

THE PELTON WATER WHEEL CO., INC.,

San Francisco, Calif., January 25, 1954.

Fourteen main turbine governors and two fishwater turbine governors for Dalles Dam Powerhouse—Invitation CivEng-35-026-54-58—Pelton 53036.

Col. T. H. LIPSCOMB,

District Engineer, Portland District,

Corps of Engineers, United States

Army, Portland, Oreg.

DEAR SIR: 1. This will supplement our Mr. C. G. Crawford's letter of January 18. In this letter it will be our purpose to enlarge upon the reasoning back of Pelton's protest against serious consideration by the Government of the bids submitted by the Japanese and Italian manufacturers on January 12. At the outset I want to state that this is in no way to be construed as a criticism of the Corps of Engineers, but rather as a protest directed to our Government against what we believe may be an early manifestation of a growing tendency on its part to buy equipment from foreign manufacturers which common sense dictates should be procured in the United States.

2. I shall begin by pointing out that we fully realize that the United States as a creditor nation must, over a period of time, strive to decrease the present excess of exports over imports if we are to reduce the extent of foreign aid on the one hand and obtain for our citizens earnings on their investments abroad on the other.

3. For a long time now we have listened to arguments in support of the above and agree that they would make sense where a competitive situation has been established in that our advanced production techniques and mass production facilities make it possible for us to attain unit production costs low enough to offset the lower labor costs of foreign nations. That is to say that the foreign nations should not be indiscriminately handed large contracts but should be given a fair chance to compete for them.

4. In connection with the purchase of the subject hydraulic turbine governors, however, we contend that it is unfair for the Government to expect us to compete price-wise with foreign manufacturers since these governors are not mass-produced but rather are designed and more or less tailor-made for manufacturing on a one-off basis or, at most, in small quantities. In substantiation of this the subject Government inquiry covers more governors (16) than have ever to our knowledge been purchased at one time.

5. As Mr. Crawford pointed out in his letter, the subject tender required compliance by the bidder with the Walsh-Healey

Public Contracts Act and other legislation, all intended to make certain that the successful bidder would pay wages and maintain working conditions up to present-day standards in the United States metal trades and machinery industries. It is a well-known fact that these standards have been greatly improved since V-J Day and further that the Government itself was directly or indirectly a party to a preponderance of the gains made by labor. Pelton's costs therefore are performance based upon an average labor rate of \$2.17 per hour plus fringe benefits totaling 34 cents per hour plus an additional increment of cost resulting from overtime and other provisions which are part and parcel of the labor contracts of most American metal trades manufacturers. How then can we hope to compete with the Japanese whose total labor cost is estimated to cover the span of 20 cents to 40 cents per hour, or with the Italians whose labor cost range is of the order of 25 cents to 50 cents per hour? Significant is the fact that in any case our minimum legal wages are or shortly will be about twice their maximum wages.

6. Aside from the above we contend that it is imprudent on the part of the Government to make this purchase abroad inasmuch as disturbances in Asia or Europe might so delay, if not entirely stop, the production of these governors that the Dalles Dam powerhouse could conceivably be kept off the line for years with a revenue loss running into millions of dollars.

7. We also contend that it would be imprudent on the part of the Government to purchase these governors abroad in that the Japanese and Italian vendors do not have United States engineering and manufacturing facilities and therefore could not as a practical matter service the governors in event of operating difficulties nor supply the renewal parts that will be required over the years to come, thereby exposing the Government to costly plant shutdowns.

8. Because governors for hydraulic turbines are special apparatus requiring a background of research and development and a high degree of skill in design and manufacturing, and further because the three domestic bidders are the only established qualified builders in the United States, we contend that it is imprudent on the part of the Government from a national defense aspect to fail

to encourage continuation in the governor business of the three domestic firms which are, incidentally, nicely dispersed from the standpoint of an A- or H-bomb attack.

9. In further support of paragraph 8, Pelton has built up, with its own funds, a governor engineering department and substantial manufacturing and testing facilities and it is our contention that it is unfair to force Pelton into an untenable competitive situation and thereby deprive it of the necessary business volume required to permit it to earn a reasonable return, after taxes, for its stockholders on the investment involved.

10. We also contend that it is imprudent on the part of the Government to, in a year of so-called corrective adjustment, place contracts abroad for delivery over the period July 1, 1956, through May 1, 1960. We so maintain because for all we know the United States might be in a recession or even a depression during the years in question. In such event 100,000 hours of labor and 1,500,000 pounds of material, to come from western sources, might be of considerable significance to this section of the country.

11. Over and beyond this particular governor negotiation we are wondering about what may be happening to our associated hydraulic turbine business. This is to say that we fear that the Government will give serious consideration to the foreign purchase of hydraulic turbines as well as to governors. Since our Government purchases approximately 75 percent of all of the hydraulic turbines sold in the United States, its policy as to the entertainment of foreign bids is of great significance to the 6 domestic hydraulic turbine manufacturers. If we cannot compete on turbine governors, then in the nature of things we will have even less chance to compete on turbines. Is it surprising then that we are as much worried about an apparent buying trend as with an individual purchase? It may well be that all of this is part of a new Government procurement philosophy and if such is the case we would appreciate being advised as to what the Government has in mind for such companies as Pelton in the new scheme of things.

12. In reestablishing its governor business several years ago Pelton was encouraged by both the Bureau of Reclamation and the Corps of Engineers because it was apparent to the Government that additional competition was needed. Pelton has since gone to

the trouble and expense of bidding regularly on Government inquiries and has had the low price in 4 out of the past 6 governor bid openings in which it participated, per attached exhibit A. In the face of this evidence it most certainly appears that Pelton's activity in the governor business has been valuable from the standpoint of the taxpayers pocketbook. Are we to be forced out of this business by unfair foreign competition and will the passage of time show a reversion to the situation which existed for many years during which there was but one supplier of this apparatus in the entire Nation?

13. As to this specific case, Pelton has been working on the Dalles governor negotiation for several years, attended several conferences in Portland prior to the bid opening, and went to considerable additional expense in the preparation of detailed cost estimates and a proposal. If our bid was not to receive proper consideration, is it fair to Pelton as a taxpayer to put it to this large expense?

14. In our opinion Pelton should obtain this order first because it submitted the low domestic price, and secondly because Pelton is an old, established concern with an enviable reputation for research, development, and new power apparatus pioneering. Furthermore, and of equal importance, is the fact that the Government is in the unique position of being able to purchase the turbines and governors from one manufacturer inasmuch as Pelton and the Baldwin-Lima-Hamilton Corp., the Dalles turbine contractor, are one and the same corporation. This unit responsibility should indeed be an added attraction to the Government in view of the size and importance of this power development. All of the resources of the Baldwin-Lima-Hamilton Corp. are back of our tender and there can be no doubt in the mind of any reasonable engineer that the turbines and governors would be designed to work together and that we would be fully responsible not only for their successful operation, but also for servicing this machinery over the years to come.

15. I regret having to write so lengthy a letter but feel a joint obligation to our workers and owners to get into your hands every sensible argument in support of keeping this small but key industry alive.

Very truly yours,

W. F. BOYLE,
Vice President and General Manager.

EXHIBIT A

Date	Government agency and project	Number of units	Low bid	Intermediate bid	High bid
June 24, 1952	U. S. Army Engineers McNary Dam, Ore.	10	Woodward, \$1,017,491.	Allis-Chalmers, \$1,308,745.	Pelton, \$1,599,827.
July 2, 1952	U. S. Army Engineers, Chief Joseph Dam, Wash.	10	Allis-Chalmers, \$437,720.	Pelton, \$474,517.	Woodward, \$475,619.
July 15, 1952	U. S. Army Engineers, Old Hickory plant, Tennessee.	4	Pelton, \$256,240.	Woodward, \$310,456.	Allis-Chalmers, \$400,270.
Oct. 7, 1952	U. S. Bureau of Reclamation, Nimbus plant, California.	2	Pelton, \$75,000.	Woodward, \$77,952.	Lombard, \$97,350.
Aug. 18, 1953	U. S. Bureau of Reclamation, Chandler plant, Washington.	2	Pelton, \$53,600.	Woodward, \$64,070.	
Jan. 12, 1954	U. S. Army Engineers, The Dalles, Oreg.	16	Pelton, \$1,314,785.	Woodward, \$1,325,888.	Allis-Chalmers, \$1,347,165.

The major points raised by Mr. William Boyle, vice president and general manager of the Pelton Water Wheel Co., deserve special attention. Mr. Boyle points out that equipment of this type cannot be mass produced and that man-hours of labor, therefore, form a major part of its cost. American contractors are required to comply with the provisions of the Walsh-Healey Act and other fair labor standards legislation under the terms of the contract. I believe in those laws for the protection of American labor and have worked for them and supported them all of my adult life. I am firmly convinced that they are right in theory and intent, and that in their practical application the welfare of this country demands that we adhere to them strictly.

However, no such requirement can be applied to foreign bidders. By awarding Government contracts to foreign firms we evade the laws and in effect render them null and void. Pelton pays an average labor rate of \$2.17 per hour, plus 34 cents an hour in fringe benefits. Their estimate is that their Japanese competitor has a total labor cost averaging from 20 cents to 40 cents per hour. It is obvious that even the Buy American Act, applied in its strictest terms, could not overcome this disadvantage. Mr. Boyle also raises the disturbing question of the effect of the present explosive situation in the Far East on the possibility of ultimate delivery of the Dalles governors if ordered from Japan. Certainly no Japanese manufacturer can

guarantee such delivery within the next several years or until the critical tensions in Indochina are resolved one way or another.

Further, it is pointed out that servicing of this equipment will present a difficult problem if purchased from a foreign manufacturer, who cannot maintain, and would not be required to maintain, in this country the necessary facilities to do a job. Thus, the servicing responsibility would devolve on the very American manufacturers who are to be deprived of the original contract. Such a procedure is not only unjust but a continuance of the foreign-award practice could serve to drive out of business the few American firms now qualified to produce and maintain these essential pieces

of equipment—the very heart of the generating system. We would then be deprived of not only original production facilities and know-how but also of the technically qualified organizations to maintain present equipment.

The Pelton Co. also indicate that their considerable investment in engineering and manufacturing this type of equipment was encouraged by the Bureau of Reclamation and the Corps of Engineers because of the need for additional facilities in the field. If they are not to be permitted to capitalize on this investment because of foreign competition, the United States is placed in the position of dealing unfairly with this firm and setting an example which would well result in loss of its services to the Nation. We cannot depend on these foreign manufacturers, no matter where situated, to supply us in critical years to come. To sacrifice an essential domestic industry now for the sake of a misnamed "economy," is like killing the goose which laid the golden eggs. Once the industry is dead and we become dependent on foreign suppliers, the low prices they now quote us will be a thing of the past also. Where is the economy in that?

During the period from January to early May of this year, my staff and I took part in a great many discussions with officials of the Corps of Engineers, the Department of the Army, and the Department of State on the Dalles contract and on the whole general policy of permitting foreign suppliers to bid on contracts to supply heavy power generating and control units for Government power projects. In the course of those clear to me that heavy pressure was being exerted by our State Department to assure that the contract would be awarded to Hitachi, Ltd., the Japanese firm. I found that the Department had lent its support to an official of the Japanese Embassy in conferring with Army officials on the contract award. Further, an official communication was dispatched from the Department of State to the Department of the Army, urging in what I understand were very strong terms that the Japanese bid be given favorable consideration. I say "I understand" because when I requested a copy of the letter from the Department, the Acting Assistant Secretary for Economic Affairs, the writer of the letter, advised me that it was considered to be a confidential communication between the executive departments and could not be released to me. The gentleman, Mr. Thorsten V. Kalijarvi, confirmed, however, that he had sent such a letter.

My discussions with the Corps of Engineers left me with the distinct impression that they were unhappy over the prospect that these vital mechanisms might be purchased from a foreign supplier, and that they had been unhappy about the whole situation on power-producing machinery for some time. However, the decision to invite foreign bids on this type of equipment was, I am informed, made on a Cabinet level and the matter is out of their hands. Likewise, the decision as to whether a foreign or domestic award shall be made on any specific contract is made, ostensibly, by

the Secretary of the Army. It is my considered opinion, based on many weeks of delving into this problem, that it is the Department of State which really dictates the decision.

When this fact had become apparent to me, I arranged a conference with Mr. Kalijarvi, the State Department officer acting in these matters. At this conference it became quite clear that the Department had no intention of reconsidering its actions or its policy in encouraging foreign rather than domestic purchases of heavy electrical equipment for Federal powerplants. At later conferences between Department officials and Mr. Boyle of the Pelton Water Wheel Co., and with officials of the International Association of Machinists, whose members stand to be laid off if Pelton does not get this contract, the Department held to this position in spite of every argument advanced against it.

At this point, although it is somewhat out of chronological order, I wish to place in the RECORD a letter I have received from the Department in response to a strong protest I lodged with the Secretary over the manner in which the administration is endangering domestic labor and industry and the national security by its tactics. The letter is signed by our former colleague from Kentucky, now Assistant Secretary of State, Thruston B. Morton.

DEPARTMENT OF STATE,
Washington, May 25, 1954.

The Honorable JOHN F. SHELLEY,
House of Representatives.

Dear Mr. SHELLEY: The receipt is acknowledged of your letter of May 14, 1954, in which you refer to the position of the Department of State with regard to the contract for hydraulic governors to be installed in the Dalles Dam in Oregon. You request that the Department of State inform the Department of the Army that it has no objection to the award of the contract in question to the Pelton Water Wheel Co., which is located in your district.

The responsibility of the Department of State in the matter of Government procurement contracts is that of bringing to the attention of the heads of procuring agencies such facts in the area of foreign affairs as should be taken into account in determining whether a foreign or domestic award would be in the public interest. As you know, the Buy American Act specifically provides that the heads of procuring agencies can take full account of the public interest in making their decisions.

In the case under consideration, such facts certainly include the key position of Japan as one of the most important allies of the United States in the Far East, the necessity for a sharp increase in Japanese exports in order to overcome that country's heavy balance of payments deficit, and the necessity for increasing the political and social stability of this country's allies through the establishment of strong and self-supporting economies. Closely related to these considerations is the desire of the administration, expressed by the President in his message of March 30 to the Congress, to reduce the burden of United States foreign aid through the development of the highest level of international trade that is profitable and equitable for all.

The Department would be remiss in its responsibilities if it did not bring considerations such as these to the attention of the Department of the Army.

With regard to certain of the specific points raised in your letter concerning the desir-

ability of awarding Government procurement contracts to foreign producers of electrical equipment, there is enclosed a memorandum on the subject which was prepared by the Department. You will also be interested to know that the rumor regarding the alleged Communist sympathies of a large percentage of the Hitachi Co.'s employees has been investigated and found to be without foundation in fact.

The Department of State is not in a position to request the Department of the Army to reverse its decision in the Dalles Dam case. The Department does understand, however, that bids for the equipment are to be asked for again. The Department has no doubt that the decision taken on such bids will be in accordance with the national interest.

Sincerely yours,
THRUSTON B. MORTON,
Assistant Secretary
(For the Secretary of State).

Secretary Morton's letter states that when new bids on the Dalles contract are opened, "the Department has no doubt that the decision taken on such bids will be in accordance with the national interest." I wish that I had no such doubts. But it seems to me that the entire tone of this letter gives striking evidence that the Department of States, or at least those individuals responsible in this case, has gone overboard in trying to rationalize an irrational position. The national interest from their point of view has lost all contact with the realities of our own domestic situation. They seem to forget that foreign countries maintain embassies and representatives in this country who are paid by their people to sell us on their national interests, while the employees in our State Department have been hired by the American people to do a similar job for us. It is pretty clear that instead they have sold themselves on the idea that their job is to act as salesmen within the Government and to the American people for the foreign interests with whom they have dealings.

It is time that we made it plain to them that their job is to consider first and foremost the real national interest of the United States, and that destruction of an industry vital to our national defense and adding to unemployment here at home is not in that interest. Furthermore, it is not in the long range national interests of our allies to dry up the source on which they must depend for aid—the economy of the United States. If some of these State Department people would drop out of cloud 16 for a while, from which height they can't see anything on this side of either ocean, they might learn something from the people in our labor unions and in our industries who are paying them to do a job for us. If their minds were really open to the national interest, they might have paid some attention to the representatives of the International Association of Machinists and the Pelton Water Wheel Co. who tried to give them the facts in the situation. By their attitude in those conferences and by the statements made in this letter, the Department of State makes it unequivocally clear that this administration is acting as the advocate for Japanese and other foreign manufacturers in this in-

stance, rather than in behalf of the citizens of the United States, whose servants they are. It also becomes clear that no alteration in policy can be expected unless Congress takes a hand and forces the issue. It is my hope that my remarks will spur action toward that end through legislation—the legislation which I have introduced. Remarks which I addressed to the House on February 9 in opposition to the Randall Commission's recommendation that the Buy American Act be repealed were intended to pave the way for such action. I cited the Dalles contract at that time as an example of why the act is needed. I hope to convince the House that rather than repeal the act, it should be strengthened, and that the importance of the domestic heavy electric equipment industry is such that special legislation requiring that Government power projects use only American-made machinery is merited by the present evasion of the act in that regard. The recent events on the Dalles contract have made the need doubly evident.

From January through early May I continued to press the Corps of Engineers and the Army on this contract. At a personal conference with the Under Secretary of the Army, Mr. John Slezak, I made a special plea in behalf of the Pelton Co. and its employees. I pointed out the considerations already mentioned, and the further fact that Pelton would be forced to lay off approximately 100 of its employees if they did not receive the award to which they were entitled. Mr. Slezak listened sympathetically, but indicated that orders from a higher level might prevent his following his own inclination and the Corps of Engineers' recommendations on The Dalles contract.

During this 4-month period the domestic bidders on The Dalles contract were asked by the engineers to extend bid-acceptance time for a total of 150 days beyond the original date for an award. This time was asked to permit the two low foreign bidders to prove their qualifications and to clarify ambiguities in their bid terms. This unusual consideration, undoubtedly responsive to pressure from the State Department, was an indication of the lengths to which the administration was prepared to go to protect Japanese industry at the expense of our own. Certainly I have no quarrel with encouraging the buildup of the Japanese economy as a protection against the spread of communism there. However, I feel very strongly that this is an area in which dependence should not be placed on manufacturers 5,000 miles away in an uncertain political climate. Certainly we should not place such dependence on a Japanese firm whose employees are very reliably reported to be subject to Communist influence. I say "very reliably," despite the State Department's dismissal of the report as a rumor, since I have in my possession copies of cables from the American Federation of Labor representative in Japan whose job it is to try and swing Japanese labor unions away from Commie control—cables which confirm that the main Hitachi, Ltd., plant is under the control

of a union which is—and I quote from a cable—"Historically Communist and now follows Sohyo line." Sohyo is the Red Japanese labor organization. Is it in the national interest to subsidize a Communist-dominated labor group in politically unstable Japan when by the same action we take jobs away from 100 members of the International Association of Machinists in this country who have fought communism right down the line? The State Department people who advocate such a course should reorganize their thinking, and if they do not we should do it for them.

On May 7 I received telephone calls from the office of the Under Secretary of the Army and from the Corps of Engineers, telling me that it had been decided to reject all bids on the governors for the Dalles power plant, and to readvertise. It was stated that—

Although the two foreign firms are materially lower than any American bids, it is considered that ambiguities and failures to comply with specifications are such that the contract cannot be awarded, and in order to be fair to all bidders, it should be readvertised.

The "ambiguities and failures to comply with specifications" were on the part of the Japanese and Italian bidders. The Pelton bid was a strictly qualified bid in conformity with the specifications.

This out-and-out display of rank favoritism cannot be justified on the grounds of public interest or as a matter of ethics and good business practice. In normal practice, if the law bid is found to be not qualified, the award would be made to the lowest qualified bidder. It can only be conjectured that heavy pressure was brought to bear on the Secretary of the Army from within the administration not to follow that practice in this case. The Pelton Water Wheel Co. is now faced with a situation, in rebidding on the contract, of having the terms of their bid disclosed to their competitors. Anyone familiar with bidding practices, particularly on this type of contract where the figuring must be very close, knows what that means. The situation is particularly bad in this case because the principal competitor is a Japanese firm. As pointed out by Mr. L. N. McClellan, Chief Engineer for the Bureau of Reclamation, in discussing foreign bidding on Bureau contracts for electric power-producing machinery before the Appropriations Committee on February 4 of this year, and I quote him:

Of course, foreign bidders are becoming smart, and they do not want to underbid American manufacturers any more than they have to. They know they have to bid on the basis of this 25 percent buy-American differential, so they have to get under that.

We have certainly made it easy for them to do so in this case. Costs mean nothing to Hitachi, Ltd., because of the law wages they pay. They know that Pelton has already figured as closely as possible on the governors contract. All Hitachi has to do now is to remedy the ambiguities and failures to comply in their previous bid which we have so generously called to their attention, and then stick in a new figure just outside the

25 percent differential and they get the contract. The Pelton investment in engineering and calculation, and jobs for their employees, are out the window while the Japanese firm is busily at work with the blessings of our State Department.

Mr. Chairman, the Secretary of the Army's action in rejecting all bids on The Dalles contract made it quite clear that this was a matter of top-level administration policy, and that the Corps of Engineers was powerless to act according to their own ideas of what was best for the interests of the United States. Therefore, on May 14 I addressed a letter to the President in which I reviewed the history of The Dalles governor contract; pointed out the significance of power equipment procurement from the national security standpoint; and requested the President to reconsider both general policy and the specific action on the Dalles contract award. I submit a copy of my letter for inclusion in the printed RECORD at this point:

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., May 14, 1954.
The Honorable DWIGHT D. EISENHOWER,
The President,
The White House,
Washington, D. C.

MY DEAR MR. PRESIDENT: Recent policy of the United States Government in the purchase of heavy electrical equipment for installation in power-producing plants constructed in conjunction with Government flood-control and reclamation projects in the United States has become of serious concern to me. Increasing purchases of power-producing equipment of foreign manufacture by the Federal Government now present a serious threat to domestic industry and labor, as well as raising grave questions as to the wisdom of continuing such purchases because of considerations involving the national security. I am informed that in 1950 contracts awarded to foreign manufacturers for this type of equipment amounted to only 11.3 percent of the dollar value of contracts to American firms, while by October of 1953 foreign awards had amounted to 62.5 percent of domestic awards.

You may recall the controversy over contracts for generating equipment at the Chief Joseph Dam in Washington and the McNary Dam in Oregon, both constructed by the Corps of Engineers. For several months I have been exerting strong efforts to forestall the foreign award of a similar contract involving over \$1 million for hydraulic governors to be installed in the powerplant at the Dalles Dam in Oregon. A number of foreign manufacturers submitted bids to supply these governors in competition with United States firms, under Invitation No. CivEng-35-026-54-58. When the bids were opened in January 1954 it was found that a Japanese firm, Hitachi, Ltd., had submitted the low bid; that Costruzione Meccaniche Riva, of Milan, Italy, was second low; and that the Pelton Water Wheel Co., located in my congressional district in San Francisco, was the third low bidder. The Pelton Water Wheel Co.'s \$1,314,785 bid was 22.4 percent higher than that of Hitachi, Ltd.

In discussing these proposals with the Corps of Engineers, the Under Secretary of the Army, and the Department of State, it has been my contention that this contract, as well as others of similar nature, should be awarded to the lowest qualified American bidder. I base this contention on a number of major factors: First, I feel that our Government should take every possible step to

encourage increased employment in view of the rising unemployment in the United States. Second, American industry, now apprehensive over a possible further decline in business, particularly in the durable goods industries, should be given every encouragement by our Government to prevent their taking steps to curtail their operations. Such curtailment can only aggravate the present downward trend. Third, from the standpoint of national security it seems foolhardy to place reliance on foreign manufacturers to supply equipment which plays so vital a part in maintaining our industrial potential. To illustrate this point, delivery of the hydraulic governors for The Dalles is scheduled over a 4-year period, from July 1, 1956, through May 1, 1960. In view of the present explosive situation in the Far East there can be no assurance that deliveries can be maintained from Japan at that time. Should an emergency arise, the power to be generated at The Dalles will be essential to the United States. We cannot afford to jeopardize its availability by awarding contracts without delivery guaranties, such as domestic manufacturers can provide.

The Department of State, whose views seem to prevail in these matters, has contended that The Dalles governor contract should be awarded to the Hitachi firm to bolster the Japanese economy. It is my contention that the domestic economy is deserving of greater consideration, and that the 100,000 man-hours of labor and 1,500,000 pounds of material to be used in manufacture of the hydraulic governors involved in this contract alone represent an important contribution to the electrical equipment industry in this country which should not be denied it. This is of particular importance to the Pelton Water Wheel Co., which is not a large firm and is faced with the necessity of laying off a considerable number of employees, should they be denied the subject contract.

On Friday, May 7, the Department of the Army announced its intention to throw out all bids on The Dalles contract and to ask for new bids. It was announced that ambiguities and failures to comply with specifications on the part of the low foreign bidders made it impossible to accept their bids, but that the differential between these bids and that of the Pelton Water Wheel Co. was so large as to justify denying the award to that company. This action is not only a violation of normal business ethics, but is a departure from established practice of awarding Government contracts to the lowest qualified bidder—in this case the Pelton Water Wheel Co. Continuance of such practices will have a serious detrimental effect on American industry and its willingness to continue to hold itself available as a contractor to the Government. Proof of this statement is contained in a recent similar occurrence, involving a contract to construct a 16-inch pipe line dredge for the Philippines. The Corps of Engineers likewise rejected all bids on this contract, refusing to award it to the low qualified bidder, a domestic firm, on much the same basis as in the instant case. On readvertising, only 1 of the 9 American firms which had submitted bids on the original invitation participated in the bidding. This clearcut evidence should not be ignored. As proof of the Government's intention to keep faith with American industry, the Department of the Army should reverse its decision on The Dalles contract and make an award to the Pelton Water Wheel Co. in accord with normal practice.

The Buy America Act has been interpreted to require that where a differential of no more than 25 percent exists between a foreign bid and that of the low qualified domestic bidder, an award should be made to the American firm. On The Dalles governor contract the differential was only 22.4 percent. Further, the Pelton Water Wheel Co.

bid was the low qualified bid, either foreign or domestic. Under these circumstances it is difficult to see any justification for refusing to accept the bid, other than the misguided concern of the Department of State for the interests of a Japanese industry which is already in position to threaten our own economy. The folly of this move is compounded by the reliably reported fact that a large percentage of the Hitachi Co.'s employees are members of a labor organization which follows the Communist line in Japan. Favoring an award to this firm will certainly do little to combat the spread of Communist influence in Japan, one of the State Department's avowed reasons for opposing acceptance of the American bid.

Mr. President, the length of this letter is an accurate indication of my strong feeling on this matter. It is now my intention to introduce legislation in the House of Representatives which would require that all electrical generating equipment for use in Government power projects be purchased from American manufacturers. Such legislation, however, could not be enacted in time to protect the interests of my constituents in The Dalles contract. I therefore urge that you review the position of the United States Government on the general policy of foreign awards of Government contracts for electrical equipment, with particular reference to the pending contract for hydraulic governors at the Dalles Dam. I suggest that such a review should result in the award of this contract to the Pelton Water Wheel Co.

Respectfully submitted.

JOHN F. SHELLEY,
Member of Congress.

The White House replied to my letter on June 1. I ask that the reply, significant because of its failure to discuss the specific issue, be printed in the RECORD also:

THE WHITE HOUSE,
Washington, June 1, 1954.

The Honorable JOHN F. SHELLEY,
House of Representatives,
Washington, D. C.

DEAR CONGRESSMAN SHELLEY: The President has asked me to reply to your letter of May 14, receipt of which was acknowledged on May 17 by Mr. Gerald D. Morgan, administrative assistant to the President. He appreciates having your views on the buy-American legislation and the Dalles Dam generator governors contract in particular. You may be sure that the important considerations which you have discussed in your letter will be very much in his mind as he considers what should be done to clarify and improve the present administration of the buy-American legislation.

As you know, the President in his message to the Congress on the subject of foreign economic policy, dated March 30, discussed the buy-American provisions in our laws. He stated as follows:

"At present certain of our laws require that, in specified Federal or federally financed procurement, preference be given to domestic firms over foreign bidders. Except where considerations of national security, persistent and substantial unemployment, or encouragement of small business require otherwise, I agree with the Commission that it is improper policy, unbusinesslike procedure and unfair to the taxpayer for the Government to pay a premium on its purchases."

Subsequently, in the President's letter of May 20 to Mr. Charles H. Percy, president of the Bell & Howell Co., he reiterated his intention to clarify the application of the buy-American legislation.

The clarification of this legislation called for by the President requires careful study since so many issues, foreign and domestic, directly relating to the welfare of this Nation are involved and since practically every agency of the Government is affected.

This study is now being pushed forward in the hope that clear and consistent rules for the application of this legislation can be established within the next few months.

With best wishes,

Sincerely yours,

GABRIEL HAUGE,
Administrative Assistant to the President.

My fellow Members will note that the White House letter fails completely to come to grips with the issue at hand. The fact that the letter is confined to vague general statements supporting the Randall Commission's recommendation that the Buy American Act be softened in favor of foreign suppliers is definite proof that either the immediate importance of this matter in terms of national security and the welfare of a vital industry is not understood, or that other considerations have caused the White House to dodge the issue. In any event, the careful study mentioned in the letter will certainly produce no immediate results to protect the domestic heavy electrical equipment industry against losing contract after contract in the months to come—nor will it do anything to prevent wedding the future expansion of our power-producing potential to the uncertain destinies of politically unstable foreign governments.

That is where the matter now stands, Mr. Chairman. The Dalles contract is lost unless drastic action is taken to forestall rebidding and to force acceptance of the low valid bid. Many other contracts on which foreign firms are low bidders are now up for award. Others on which bids have been asked are in the mill. There will be more in months to come on the many major Federal projects now under construction. In the meantime, the problem is under careful study within the administration.

That being the case, I suggest that it is up to Congress to apply the necessary remedy. In support of the need for that remedy I want to advance some basic propositions and then back them up with factual arguments. Relating those propositions to the way in which we are now operating on Government contracts for power-producing machinery, as typified by the mishandling of The Dalles contract, will, I think, impress upon the House the need for action before this Congress adjourns.

My propositions are these:

First. Abundant electric power is essential to the national defense and to the defense of our allies. It is equally essential to our peacetime welfare.

Second. To insure uninterrupted development of power-producing capacity we must have in the United States an electric power equipment industry capable of producing, installing, and maintaining such equipment, adequate to meet both normal operation and growth demands and possible emergency needs.

Third. To foster the continued existence of such an industry it is essential that equipment produced by domestic manufacturers be installed in our power-generating projects.

Fourth. Legislation is necessary to assure that domestic equipment is so installed.

Fifth. The need for this legislation is immediate.

I believe the truth of proposition 1 is obvious. However, to impress on the House how vital unlimited electric power production is to the national defense, I want to cite two authoritative statements in this regard. In June, 1952, the President's Materials Policy Commission filed its report on mobilization requirements. The report, entitled "Resources for Freedom," cited the experience in World War II on the need for rapid expansion of power generating capacity and went on to say:

In the event of another war, there would be similar need for a cushion to provide a fast increase in electric energy supply to match the upsurge of industrial demand. In coming years the expansion of generating capacity must not simply keep in step with rising peacetime demand but a step ahead in order to insure a security cushion.

Similarly, in its second annual report of October 20, 1952, the Joint Congressional Committee on Defense Production stressed the importance of electric power to the national defense. They stated in part:

Your committee has recognized that industrial production must be backed by an adequate and unfailing supply of electric power. Failure to provide the necessary electrical energy needed for the operation of the increased productive capacity would seriously weaken the country's position at a time when increased industrial strength is most vital.

Many practical factors involved in the design, production, installation, and maintenance of power generating equipment make it imperative that if we are to be prepared to meet this need, we cannot depend on foreign suppliers and must place reliance on domestic manufacturers as pointed out in propositions 2 and 3. Because of these factors it is of critical importance to our Nation that we utilize throughout our power system power equipment that is manufactured in the continental limits of the United States by American manufacturers.

What are these physical characteristics of electric power equipment which make the use of domestic production and know-how essential? Let me outline these here:

First. Electric power equipment is an engineered product. It is custom-built and designed to meet a specific set of conditions and performance needs. Each major product will be designed for the specific installation. It takes weeks merely to prepare a bid. It takes many months and skilled engineers, trained in the design, manufacture and installation of electric power equipment to complete a contract.

Second. The physical size of this type of electric power producing equipment is enormous when compared with our usual concept of electric machinery. It is the type found at Boulder Dam, Grand Coulee, Chief Joseph. The power unit horsepower rating of this type of equipment is commonly measured in five figures or more. The length or height of this equipment will measure as much as 40 feet or more.

Third. Electric power equipment is permanently installed in powerhouses especially designed for the product. The

floor standing portion of the equipment is embedded in concrete. This type of electric power equipment is disassembled at the plant and transported to the site in sections, using several flat cars.

Fourth. The equipment is manufactured for a life of 25, 50, or more years. Throughout the life of this equipment, the manufacturer performs an important and essential continuing consulting service. In some cases, the user calls upon the manufacturer to redesign certain portions of the equipment.

These characteristics of electric power equipment clearly demonstrate that—

First. The manufacturer's ability to produce electric power equipment must be proven.

Second. The manufacturer's geographical proximity to the user is of major importance.

Third. A manufacturer must have a staff of competent engineers with long experience in design and manufacture of electric power equipment and who are able to consult with the user.

Fourth. The manufacturer must be prepared to send an adequate staff of engineers and skilled technicians to a power installation in case of emergency service in order that shutdown time will be reduced to the absolute minimum.

Fifth. In ordinary and emergency maintenance and service the manufacturer needs the original design drawings. Consequently, for maximum safety, these should be immediately at hand to the manufacturer.

The importance of purchasing American-made electric power equipment is evident alone from the facts stated above. Nevertheless, I would like to offer data substantiating this recommendation by quoting from a report prepared by the Stone & Webster Engineering Corporation, an American consulting engineering firm established 60 years ago and thoroughly expert in the electric power-equipment field. The report, entitled "The United States Electrical Manufacturing Industry and Its Relation to the Security, Health, Safety, and Welfare of the Country," states as follows:

Experience with equipment of foreign manufacture, drawn from instances in which American electrical manufacturers were asked to service, replace, or rebuild such equipment, clearly indicates the hazards of purchasing essential equipment from foreign manufacturers. Several cases of interest follow:

One large public utility company reports the great difficulty it experienced with a very large foreign-built turbine generator purchased a few years after the end of World War I. For a period of about 10 years attempts were made to correct defects in the turbines by the foreign manufacturer and a United States manufacturer during which period the machine was out of service about 45 percent of the time due to failure in operation or to corrective work being done on it. Eventually, and before World War II started, the turbines were completely redesigned and rebuilt by a United States manufacturer and they have given very satisfactory service since. In 1943 one of the electric generators of this machine developed defects and was rewound by a United States manufacturer who 2 years later replaced it in its entirety. Since that time this turbine generator has given satisfactory service.

EXPERIENCE WITH FOREIGN-BUILT EQUIPMENT IN LATIN AMERICA

During the period of World War II and the years following it, United States manufacturers were called upon in numerous instances to supply major elements of equipment, major components, spare parts and maintenance service for foreign-built equipment in various Latin American countries because of the inability of the foreign manufacturers to provide supplies and service. Both with respect to equipment which was completely installed and operating before the war, and equipment which was on order and not delivered because of the war, common difficulties were encountered. Adequate drawings and specifications were not available to the United States manufacturers. Designs were basically different from United States designs and required special tooling and other facilities for production. The cost of providing the equipment parts and maintenance service was high compared to that which would have prevailed with United States equipment. The equipment in question was not in service for periods from several months to as much as 6 years with resultant losses to the overall economy.

The likelihood that the United States power supply could face similar emergencies because of dependence upon foreign-built equipment is evident. The consequences to the economy in this country, particularly in the event of a war, need no elaboration.

In comparing American electric power equipment with European equipment of the same type, it is worthwhile noting the following examples of what may happen to us through the policy of buying equipment from foreign manufacturers:

First. As far back as 1944, a top executive in one of our large American utility companies reported that one large utility supplied electrical energy to all types of its users at least 99.987 percent of the time. Expressed in other terms, the so-called outage time or shutdown time in the case of this utility was .013 percent. I have been unable to find, thus far, any figures which show outage time of the utility industry in the United States as a whole. I am informed, however, that outage time of more than 1 percent is considered high. The percentage of outage time in other countries throughout the world is substantially greater. Take Great Britain, for example. The British Electricity Authority reports figures that show that annual outage time in Great Britain ranged between 11.7 percent to 15 percent for the years 1948 through 1953. Such power interruption in our economy, which depends so largely on electrical energy, would be critical to our national defense program and economic activity.

Second. Four 100,000 kw steam turbine units of European design and construction were recently installed in the Richard L. Hern generating station in Toronto, Ontario. On April 1, 1954, one of these units failed mechanically, completely wrecked the generator and set off a serious oil fire. On April 5, a second unit failed in a similar manner. A third unit was down for alteration. The fourth unit was removed from service for reasons of prudence. As a result, the entire 400,000 kw station is shut down and probably will remain so for 18 months. In the meantime, the power deficit is to be supplied in part by utility

companies in Detroit and Niagara Falls. Some of the power that will be supplied from the United States to Toronto during the emergency will be produced by American-made generators installed nearly 60 years ago.

Third. At the same station in Canada a power transformer failed and later a second transformer also failed. These transformers were part of an order of four transformers which Canada built of European design. Unofficial reports attribute the failures to faulty design of the magnetic circuit resulting in a melting of the core iron. Acceptance of nine 62,000 kilovolt-ampere transformers ordered from England manufactured for another station has been held up pending assurance that these units do not have the same design difficulties. Transformers designed and manufactured by the same foreign firm which designed the Canadian units are now in this country for installation in a Federal Government power project.

Fourth. The city of Cleveland recently experienced unsatisfactory performance from a 25,000-kilowatt foreign-built turbine generator. The foreign manufacturer was unable to make the machine operate properly and American manufacturers were then asked what they could do to make the turbine operate efficiently. The report is that thus far only 20 percent of the rated capacity of the equipment has been obtainable.

These facts and these figures are conclusive practical proof of how foolhardy a policy we are now following in opening the door to foreign equipment manufacturers, and by so doing, squeezing domestic industry out. Considered together with the State Department and White House letters I have already quoted, it also demonstrates the fallacy of this administration's tactics in permitting dreamers in the State Department to set policy on matters involving a hard-headed knowledge of the facts of industrial and economic life in the United States.

There are other aspects to consider. The research, development work, and the planning services so essential to the continuing expansion and increased availability of power in the United States is supported by the sale of electrical products. Such service is not available in this country from other than the United States electrical manufacturing industry. Foreign manufacturers do not incur a proportionate share of the cost of research, planning, and development, and are, therefore in a favorable position in competitive bidding if price alone be considered.

The importance of this industry to the domestic economy, aside from national defense considerations, cannot be overlooked. The electric-power equipment manufacturing industry employs approximately 250,000 employees—a figure which includes unskilled, semiskilled, and skilled workers; clerical employees; sales personnel; technicians; engineers; and executives. These plants and these employees are located in 21 States. In many instances the plants are a substantial employment factor in the local community, and the employees obviously

contribute to the economic activity of their community through their purchases as consumers of goods and services. The employees in those plants who are laid off because some foreign firm was given a Government contract which would have kept them working for a year or more, are not going to be satisfied with a half-baked story that the public interest is being served by adding them to the unemployment rolls. Neither are their wives and families likely to accept that kind of an explanation as a reason for them to suffer a reduced standard of living while they wait for the Government to get off their platitudes and get down to brass tacks about the unemployment situation in this country. It is bad enough that the administration takes a "hands off" attitude toward doing anything concrete to initiate increased employment, but when they deliberately take action to put skilled American workmen in the street looking for jobs, as they are doing by the policy on foreign purchases of electrical machinery, it is high time that Congress should take a bipartisan hand in putting them on the right track.

The industry too is faced with difficult economic conditions. Large capital investments in machinery and plant equipment are required to enter and to stay in the business. To support these capital investments and to retain the skilled workers, trained and experienced engineers and managers, the volume of business available to manufacturers of electric-power equipment must be sustained at an even keel. Each contract awarded has considerable significance to the industry. It usually takes 12, 18, or more months to complete a single order. The number of contracts for electric-power equipment issued annually is low.

From the Government point of view, loss of contracts of electric power equipment spells reduced labor earnings and thus a decline in the employee's contribution to local, State, and Federal taxes. The manufacturer's earnings likewise decrease and his contribution to Federal, State, and local taxes likewise declines. His purchases from his suppliers also decline and have their impact on such important industries as steel, copper, and transportation.

The long-run effect of loss of contracts to American electric power equipment manufacturers must also be given serious consideration. Awards of contracts for power equipment to foreign manufacturers will, as I have pointed out, decrease economic activity in this industry and, therefore, dissipate gradually the industry's labor force, its technical, engineering, and managerial personnel, and by decreasing dollar volume of sales disaffect the interests of investors who seek a sound, healthy, and growing industry in which to place their funds. Thus, the future of a whole industry which we cannot do without is being placed in jeopardy to secure a highly problematical benefit to a nation whose interest we would better serve by inducing them to build up their domestic consumption industries as a means of increasing their people's living standards.

Having established how important it is that American-made equipment be in-

stalled in our power generating plants, let us see why it is now necessary for Congress to act to insure that this obvious self-interest is protected. First, and foremost, legislation is needed because the Buy American Act as it is now on the books, is not adequate for the purpose. Its language is not sufficiently specific to prevent such maneuverings as I have indicated the State Department engages in to circumvent the law. Secondly, the regulations which have been set up to interpret the law, weak as it is, are apparently ignored in executing contracts with foreign firms for equipment such as the hydraulic governors for the Dalles Dam powerplant. That being the case, and with contract after contract now going abroad, it is imperative that we move with all possible speed to close the loopholes in the Buy American Act by enacting a measure which will specifically prohibit foreign purchases of heavy electrical equipment for any project in which the Federal Government has a part.

The necessity is highlighted by the fact that Federal Government contract awards to foreign manufacturers for this type of machinery has increased from 11.3 percent of the dollar value of contracts awarded to American manufacturers in 1950 to 62.5 percent in 1953. With purchases from abroad increasing at that rate it will not be long before we become completely dependent on the uncertain ability of foreign manufacturers to attempt to provide the necessary growth factor for our vital power systems. We cannot let that happen, and now is the time to put a stop to it.

That we should have to pass a law to protect American industry and American citizens from our own executive agencies is certainly deplorable. But the fact remains that the condition exists, and efforts to bring about a change administratively have failed at the highest level. The foreign manufacturers do not have to spend time, money, and research effort in developing sales forces, advertising and promotional material, and distribution outlets in the United States—items which are a heavy expense to our own manufacturers. Not content with the competitive advantage enjoyed because of low wage costs, the foreign manufacturer and his government concentrate their Washington embassy's time on closed door negotiations with State Department and Foreign Operations Administration officials. These agencies then carry the ball and act as a combined advertising agency and sales force in presenting the foreign firm's case to the department doing the procuring. This is a fine arrangement and it works very well for the foreign firm—while we foot the bill to do an American firm out of a contract and American employees out of jobs, and to endanger our own security.

Further, in submitting to this pressure from the Department of State, the Army either ignores or evades the Department of Defense directive issued on June 19, 1952, and applicable to each of the services, which contains a number of restrictions against just such awards to foreign firms as are involved here. Point

4 of the directive reads in part as follows—Department of Defense Directive No. 4105.22:

4. For the Department of Defense adequately to support the mutual security program and promote the mutual security of the United States and friendly countries, it is requested that competitive bids from sources in the United States and friendly foreign countries be considered on a common basis, this being consonant with the public interest. Where one or more of the following factors exist, careful discretion should be exercised in determining the award:

A. Strategic considerations:

1. Competing foreign sources would be unreliable because of (a) limited capacity; or (b) location in an area where political or economic instability might hinder production or delivery.

2. The articles, materials, supplies, or their related United States production facilities are of such strategic importance that domestic self-sufficiency must be fostered.

3. No appreciable logistical advantage to collective security would result from maintaining or increasing production capacity in the foreign source country concerned.

Mr. Chairman, the directive states that where one or more of these factors exist, the procuring agency should exercise careful discretion before awarding the contract. However, despite the fact that on heavy electrical equipment contracts all three of these strategic considerations are present in such degree that there can be no question about it, we are placing contracts abroad right and left. Apparently those responsible have not read the directive.

Certainly Japan is an area "where political or economic instability might hinder production or delivery." With the situation in Indochina and the entire Far East what it is, we may find ourselves at any moment in a situation where we are faced with an actual war—not merely political instability. What happens to production and delivery from Japan then? Making and shipping equipment of this type is not something that can be done in days or weeks. It requires months and years. For instance, deliveries of the hydraulic governors called for in the Dalles contract are scheduled over a 4-year period from 1956 to 1960. I repeat that it is foolhardy to rely on so uncertain a source for such vital materials at a time when all of our resources should be ready for quick mobilization.

With regard to the second point I have quoted from the directive, the strategic importance of the materials being such that domestic self-sufficiency must be fostered, there should be no need for discussion. Continued expansion of our industrial machine and our mobilization potential continue to place new demands on our utility systems, both public and private. Just the other day members of the Edison Electric Institute meeting in convention at Atlantic City were told by their electric power survey committee that our power needs would be doubled by 1965 and that by 1975 electric power demands would be 3 or 4 times what they are today. Huge public and semipublic power projects must be planned and built now to meet a large part of that demand. The equipment we are buying now must be available with-

out any question to meet not only the planned need but, more important, to assure that our power-producing plants will be in shape to provide the large quantities of additional power we will need for all-out war production. If we continue the present high rate of foreign purchases we might be faced any day with a situation where the equipment we need is built or being built in some foreign country where it will be subject to destruction or confiscation, and, if that does not happen, we would be faced with highly uncertain deliveries, to say the least. Further, we would then be cut off from the supplier for installation, maintenance, and replacement, and would be forced to place heavy demands on our domestic industry to do an emergency job on unfamiliar equipment. Our present course is certainly not fostering the domestic self-sufficiency that would be needed to meet those conditions. Every contract taken away from American producers reduces it just that much more.

On the third strategic consideration mentioned in the directive, I cannot see that any logistical advantage to collective security results from awarding contracts for electrical equipment to European or Japanese manufacturers. As far as I have been able to determine, foreign manufacturers have ample facilities for producing most types of electrical equipment, and, in any event, it is difficult to see how the further buildup of such an industry in vulnerable foreign areas would contribute a greater logistical advantage to collective security than fostering our own relatively secure manufacturing facilities.

The Department of Defense directive on the Buy American Act also lists a number of domestic economic considerations which merit discretion before making a foreign award. Among them is a very important factor and that is whether, and I quote from the directive, "the competing domestic source would be a facility or facilities designated as 'small business' by the Small Defense Plants Administration." The Pelton Water Wheel Co., which has been denied the Dalles contract, certainly falls within that classification. Again the terms of the directive are ignored in favor of the highly questionable views of advocates of foreign purchases.

Mr. Chairman, I submit that it is evident from these facts that the electric power-manufacturing industry is essential to national defense, and that, accordingly, domestic facilities for manufacturing this equipment must be maintained. I further submit that our present foreign procurement policy is having exactly the opposite effect and that present legislation is not sufficient to force a change in that policy. The risks to our national defense, our safety, and our economic welfare are substantially increased whenever and each time a contract is awarded to a foreign manufacturer. Accordingly I have today introduced in the House a bill designed to prevent such awards for equipment to be installed in any powerplant in which the Federal Government plays a part, either through appropriations, authorization, or Federal

Power Commission licensing. I believe that my bill merits the support of every Member of this Congress who is genuinely concerned over maintaining our mobilization strength. I believe also that the American manufacturers engaged in producing this vital equipment and their 250,000 employees in 21 States deserve more consideration from their own Government than is now given to cutrate foreign competition. Certainly a policy which threatens plant shut-downs and drastic layoffs of employees in a time of rising unemployment should be changed in such a case as this, where the question involved is not one of freedom of international trade, but is strictly a matter of internal Government action—a matter in which, by all the laws of commonsense, our own self-interest should take top priority.

Mr. Chairman, as a conclusion to these remarks, I ask that H. R. 9696, the bill I have introduced today, be printed in the RECORD at this point.

A bill to provide that certain equipment to be installed in federally constructed or licensed hydroelectric or thermal electric power projects shall be manufactured in the United States, and for other purposes

Be it enacted, etc., That for the purpose of assuring an adequate supply of electric power in the interest of the national defense and the security and economic welfare of the United States, equipment to be used in producing, controlling, distributing, modifying, or rectifying electrical energy, and parts and accessories therefor, which are to be installed in connection with any hydroelectric or thermal electric power projects heretofore or hereafter authorized by law to be constructed in the United States or the Territories or possessions thereof by a department, agency, or other authority in the executive branch of the Government, shall be manufactured in the United States or the Territories and possessions thereof; except that this section shall not apply with respect to equipment or parts and accessories therefor which cannot be readily obtained in satisfactory quality in the United States or the Territories and possessions thereof.

SEC. 2. Section 10 (c) of the Federal Power Act (16 U. S. C., sec. 803 (c)) is hereby amended by adding "(1)" immediately after "(c)" and by adding at the end of section 10 (c) (1) the following: "(2) That equipment to be used in producing, controlling, distributing, modifying, or rectifying electrical energy, and parts and accessories therefor, which are to be installed in connection with any hydroelectric or thermal electric power project constructed under such license shall be manufactured in the United States or the Territories or possessions thereof, except where such equipment or parts and accessories therefore cannot be readily obtained in satisfactory quality in the United States or the Territories and possessions thereof."

SEC. 3. This act shall not affect contracts, which have been entered into prior to the date of enactment of this act, for the purchase of equipment, and parts and accessories therefor, specified in the first section, and in the amendment made by section 2, of this act.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. SHELLEY. I yield to the gentleman from Iowa.

Mr. GROSS. The gentleman understands, does he not, that in this bill there are many, many millions of dollars for offshore procurement for the

purchase of the products of foreign factories and labor?

Mr. SHELLEY. I understand it very well.

Mr. GAVIN. Mr. Chairman, will the gentleman yield?

Mr. SHELLEY. I yield to the gentleman from Pennsylvania.

Mr. GAVIN. I understand the gentleman is to present a bill to the House that may correct this condition. Is that right?

Mr. SHELLEY. The bill has been introduced. It is H. R. 9696.

Mr. GAVIN. I want to compliment the gentleman on the very fine statement he is making today. I heartily concur with him. I want him to know I stand ready to support and work for the passage of his proposed legislation.

Mr. SHELLEY. I thank the gentleman from Pennsylvania.

Mr. VORYS. Mr. Chairman, our committee is a very durable organization. One member was shot on this floor, and many thought he was going to die. But he did not die and he is back doing business. I take great pleasure, and I know you all will, in calling on our colleague, the gentleman from Michigan [Mr. BENTLEY], to whom I now yield 10 minutes.

The CHAIRMAN. It is with pleasure that the Chair recognizes the gentleman from Michigan [Mr. BENTLEY] for 10 minutes.

Mr. BENTLEY. Mr. Chairman, I appreciate the remarks of the gentleman from Ohio. One of the main reasons I was fighting to get back on this floor was to have the pleasure of participating in this debate today. I also want to compliment my chairman and the ranking members of our committee on both sides of our table for their unfailing courtesy and kindness to me, the most junior member of the committee. I deeply appreciate it.

In examining the administration's new mutual security program of approximately \$3.5 billion plus nearly \$9.5 billion in requested carryovers to be authorized, we have a right to ask ourselves whether this tremendous burden on the American taxpayer is justified—in other words, does it provide that security which its name implies?

No one should believe that these billions of dollars are the true barrier between the freedom of this country and the undeniable thirst of the Soviet rulers for world domination. As a substantiating witness for this premise I refer to no less a distinguished authority than the Secretary of State himself, the Honorable John Foster Dulles, who has admitted that it is only the free world capacity for instantaneous retaliation which neutralizes the Communist threat of mass destruction. On page 25 of our published hearings the Secretary said, and I quote:

Now, what is it that saves the world from that—

Referring to Soviet blackmail—

It is just one thing alone and that is that it is known that the United States has the capacity to retaliate massively, and therefore they do not dare do that. And that is the only restraint, and it is a restraint which pro-

fects not only the United States but protects the other free nations of the world. * * * The existence of this power in the United States and the willingness of the United States to use it in retaliation is the one thing which is saving the world from being brought into total captivity by this blackmail threat which otherwise would be possessed by the Soviet Union.

So we hear from the lips of Mr. Dulles himself that only the American capacity for retaliation and our ability to use it, only this stands between us, and not only us, but all the free world, and Soviet world domination. There is nothing that I can find in this mutual security program that contributes to our capacity for massive retaliation.

Now the second thing I want to emphasize is the undoubted permanency of this program, even though it may be on a reduced basis. On page 21 of the hearings, Secretary Dulles stated that—

I think as long as we operate on a mutual security basis we will always have to put up money for that—

And added—

I think that this community effort, which I hope will continue indefinitely, will continually require some appropriation to support it.

Assistant Secretary of State Livingston Merchant, on page 90 of the hearings, admitted the following:

The long-term effort—

Referring to Europe—

which is required in response to the long-term threat which I have described, means we must contemplate continuing in the future a marginal element of support to our allies.

And later on, on page 365, Governor Stassen, Director of the Foreign Operations Administration, stated:

Technical cooperation is the kind of program that could continue as long as there are in the world large numbers of people who are suffering seriously from the lack of technical knowledge in the fundamental necessities of human life.

I want here to go into another aspect of my reasoning why this program is one of indefinite tenure, and that is with respect to unexpended balances. On January 31 last, the total of unexpended balances was in excess of \$12 billion. Next Wednesday, day after tomorrow, the total is, as I have said earlier, in the neighborhood of \$9.5 billion. This is the total of previous authorizations which you are being requested to reauthorize for the new fiscal year, in addition to the new request for almost \$3.5 billion. Now, some of these authorizations go back as far as 1950 and 1951, due to the long lead time necessary in the production of planes, tanks, guns, and other heavy hardware of a military nature. As Governor Stassen said, this money represents other programs that Congress has previously approved which are in the process of implementation. President Eisenhower, in his special message of June 23, also stated that the new program is in large measure a continuation of existing program. Now, I think the Congress should know two things: first, you are voting to continue previous foreign-aid programs; you are not voting for any New Look such as we received

in our own defense program and which I personally feel is just as much justified in our mutual security program. Secondly, if you vote for items of heavy military hardware this year you are voting to put items into the military pipeline which require a lead time of perhaps 3 or 4 years. In other words, if you vote to authorize this new money which the administration is requesting, you are voting for money which may not be expended before 1957 or 1958. This seems to me an endless chain of authorizations and reauthorizations which could continue as long as any of us here are still in Congress.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. BENTLEY. I yield to the gentleman from Illinois.

Mr. YATES. The gentleman spoke about the fact that this program is not a part of the New Look program. The gentleman also stated that the greatest deterrent to Communist aggression was the possibility of massive retaliation. Does not the possibility of massive retaliation exist only because we have bases in countries that are a part of the mutual assistance program?

Mr. BENTLEY. If the gentleman can in his own time tell me how much is in the program for Greenland and Okinawa, I will be grateful.

Now that we have established some basic facts about this bill, let us take a good look at the reason for passing the bill at this time. There are those of us who intend to vote against the bill not because we are opposed to any mutual security program but because we think that the Congress should have certain information before mutual security legislation is enacted. We believe that Congress should know the outcome of the conversations between the President and the Prime Minister of the United Kingdom. We believe that the Congress should know what the British Foreign Secretary meant by his reference to new Locarno pacts which would not only confirm the Soviet Union in possession of its ill-gotten gains but would ask this country to guarantee them. I know that I am not going to vote for any program which would admit the legality of any Communist seizure. We believe that the Congress should be informed of the outcome of the talks between the new French Prime Minister and the leaders of Red China, as well as the conversations between those same Chinese Communists and Prime Minister Nehru, of India. For these and other reasons, some of us will vote against this bill because we believe the Congress is not in possession of sufficient information at this time to pass considered judgment.

Such delay would merely be an example of realism. Our British friends and cousins had no hesitation in postponing any conversations on the formation of a regional pact of anti-Communist peoples of the Far East until the outcome of the Geneva Conference. Is this Government going to admit that it is less realistic in such matters than his Imperial Majesty's Government?

I would like to turn now to a look at the situation in Indochina for which we are being asked to authorize a figure of

\$800 million. This figure is approximately the same as was authorized a year ago plus what the administration transferred from other parts of last year's bill. We have had testimony before our committee that it is the purpose of this Government to help the French in Indochina carry out the provisions of the so-called Navarre plan whose basic element is a long-range training program for the forces of the three Associated States, Vietnam, Laos, and Cambodia. Now in support of this Navarre plan we are reimbursing the French, in dollars, for expenditures which they are incurring in the calendar year of 1954, 65 percent of their entire dollars costs in Indochina. Now before we vote for a continuation of last year's program in Indochina, obviously a continuation because of the similarity of the amounts involved, I think the Congress should know more about what the new French Government intends to do in that area. This new government is headed by a man who said he would get a truce, an armistice, in Indochina in 30 days, or he would offer his resignation. In other words, we are being asked to vote for a continuation of last year's program in Indochina when the new French Government is obviously determined upon a very different course of action.

Speaking of France and also of Italy, two of the leading powers in West Europe, I believe that the Congress has a right to know the intentions of those two governments with regard to the question of ratification of the European Defense Community pact. The treaty to create the EDC was signed 2 years ago last month and, as Secretary Dulles himself said, it is obvious that the present status cannot continue much longer. Although the administration originally opposed reenactment of the Richards amendment, it has now agreed to a compromise version which would prevent delivery of arms to France and Italy, the two nonsignatories, while permitting them to those countries which have ratified the treaty, including West Germany. I am in complete accord with such a provision.

Turning to long-range economic assistance, we find that we are being asked to support a total of \$224 million for the Near East, south Asia, and the American Republics, 50 percent of which must be on a loan basis. I feel very strongly that the entire program of this type, which this year bears the name of development assistance, should be put on a loan basis, and intend to offer an amendment to this effect. In so doing, I am bearing in mind both the report of the Randall Commission and the President's message on foreign economic policy of March 30 last. Both of these documents advocated that economic aid on a grant basis be terminated as soon as possible. As the distinguished gentleman from Ohio, ranking majority member of the Foreign Affairs Committee, said on June 1:

We have found since World War II that loans do not make enemies and grants do not necessarily make friends.

In this connection, Mr. Chairman, I should like to call the attention of the Committee to the fact that there is an item of \$85 million in this amount for development assistance to India. No stranger paradox can be found in this legislation. According to the executive branch, we have never had a formal request for this assistance from the Government of India or from Prime Minister Nehru. India claims to be a neutral in the cold war, although her foreign policies are described by Ambassador George Allen as being in some respects 180 degrees opposite from ours. On the other hand, we have Pakistan, a brave and determined anti-Communist nation, which shows signs of becoming a valuable ally. The gentleman from Minnesota, a member of the committee, summed it up well during the hearings when he said on page 238 of the published volume:

Now, look at India and Pakistan. For India, our total program was \$44 million. That is fiscal 1953. In 1954, \$89 million; 1955, \$104.5 million, 2½ times as much in 1955 as in 1953. But for Pakistan, about whose position there is no doubt, the program is only two-thirds as big as in 1953. One is 2½ times as big for India, the neutral, and for Pakistan, the ally, we cut down by a third.

When we had hearings on the subject of aid to India, our able ambassador, George Allen, gave some very revealing and enlightening testimony. He stated it to be his absolute conviction that the 5-year plan of India would proceed whether they received any foreign assistance or not. He said that it gave the Indians a great thrill to see the Chinese Reds slugging it out with the western powers. He claimed that the Indian people were basically friendly to the United States but was unable, at least to my satisfaction, to explain why such a feeling of friendliness was not communicated to the leaders of the Indian Government which holds itself to be democratic.

To give you a true picture of how the Indian government representatives really feel toward this country, I refer you to the very splendid report on the meeting of the General Assembly of the U. N. last fall which has recently submitted by Congresswoman BOLTON and Congressman RICHARDS. Summing it up, Mrs. BOLTON's own words:

I found an absolutely impossible attitude on the part of India, at every point.

Even the distinguished president of the Indian League of America, Sardar J. J. Singh, said in a letter dated May 8 last:

After mature consideration, I have come to the conclusion that aid given on a government-to-government basis is not helping to create better relations and understanding between the people of India and the people of the United States.

Concluding my comments on the subject of United States aid to India, Mr. Chairman, I should like to quote from the April 1954 report of the investigations division of the appropriations committee of the other body:

Program revisions under the technical assistance program in India have been made

without advice to Congress. * * * This money has, therefore, been used for purposes other than those presented Congress. FOA-TCA has made requests for funds for projects which could not conceivably be committed in the fiscal year for which the request was made or within a reasonable time thereafter. * * * The people of India do not directly receive the United States contribution. * * * The people of India, for example, who must pay for fertilizer are not personally aware of being the recipients of aid from the United States. * * * It—

Speaking of this aid money—

gets needed materials to India requiring United States dollars and it is a revenue raiser for the Indian government.

And as a final word, Mr. Chairman, I quote the opening sentence of a news despatch recently sent from New Delhi by Ian Fawcett, Reuters staff correspondent:

India now is more anti-American than at any time within memory.

There are other parts of the bill which I cannot accept. I offered, in committee, amendments to delete new authorizations for weapons of advanced design—section 105—and for production for forces support—section 122. In the first instance, we are being requested to authorize \$27 million for weapons or rather for projects which, in the words of Tracy Voorhees, Director of Offshore Procurement of the Office of the Secretary of Defense, which are "things that are not proven but which we hope will prove out." Last year there was authorized and appropriated \$50 million for this item, none of which had been expended or even obligated as of April 30. I therefore intend to offer an amendment to delete this new authorization but to reauthorize the carryover for the new fiscal year.

Another instance is section 122 where we are requested to spend \$75 million for manufacture in the United Kingdom of military aircraft required by the United Kingdom. I will have more to say of this, Mr. Chairman, when an amendment is offered in this respect but, in the words of the distinguished gentleman from Ohio:

We are going to help Britain with her imperial obligations and I am extremely dubious about it.

The final comment I would make at this time on the program is the waning of congressional control over the use of this money. This is due to two major factors: the vast amounts which we are requested to reauthorize and the transferability powers of the President. In the military field alone, the executive branch came up with proposals that would have totaled nearly \$2 billion of funds subject to the transfer authority. A committee amendment of mine, which was adopted, reduced this to approximately \$1 billion. To give you an example of how this is used, I wish to quote from the hearings on page 620, a statement made by the gentleman from Ohio:

Of the presidential general fund of \$110 million, \$55.5 million was the amount that has been transferred and used in that fund this year. From European economic to East German food, \$15 million; from European

military to Iran, \$20 million; European military to Operation Reindeer, the Christmas food packages, \$19 million; European military to the escapees, \$1.5 million. The three transfer authorizations have been used very slightly but here are some of the big changes in programs that I have noted which amount to over half a billion dollars. Here are some of the big changes that are outside the transfer provisions and not included in the discretionary fund: \$385 million for Indochina; \$100 million for the coal-steel community; and \$29 million for India's railways steel and so forth. Those were all done by means of transfers within areas.

Let me tell you what happened on the Indian railways. Last year there was proposed to the Foreign Affairs Committee as an illustrative program an item of \$639,000 for transportation, communications, and labor. Thanks to the transferability clause, that item as actually carried out was increased over 60 times, to \$29 million. Even Governor Stassen admitted that there had been no consultation with the committee on this change of emphasis. As the gentleman from Ohio said:

The United States Congress did not get a vote on the program that went into effect in India.

And take another example in last year's program. The item of defense support for the United Kingdom. As you know, we have followed a policy of authorizing by areas and making no specific references to any country. And again, I must quote from the gentleman from Ohio who is to my mind the outstanding member of our committee. Here is what he said last May 14, pages 734 and 735:

The conference compromised and restored \$50 million to the defense support for Europe, making the total \$250 million. The appropriation for this purpose was \$220 million. Now in none of this legislation was there any specific provision for the United Kingdom or any provision against money going to the United Kingdom. Nevertheless, there is a clear legislative history that the defense support for the United Kingdom was not to exceed \$20 million. We find in the fiscal year 1954 program: Direct forces support, \$85 million; mutual defense support, \$115 million, of which \$60 million was section 550 sales proceeds so that the mutual defense support was \$55 million. There is \$85 million and \$55 million, totaling \$140 million and there is proposed \$75 million direct forces support, which might be considered something like defense support for last year. * * * Nothing is clearer in the legislative history of this bill, than that the mutual defense support for the United Kingdom couldn't conceivably exceed \$20 million any way you figure it. It is perfectly obvious to me that the only way the Congress can prevent economic aid at least to the United Kingdom, is that if their wish, is to prohibit specifically and name the country.

My feelings in this respect, Mr. Chairman, were summed up perfectly by the gentleman from Minnesota when he said on page 738:

Here we asked them not to spend for a certain purpose and they went ahead and spent it anyway. They still do what they want, regardless of the will of Congress. I do not know what function we serve here except to take the people's money away from them and give it to other people to spend.

Mr. Chairman, I wish to emphasize that we who so-signed the minority re-

port on H. R. 9678 have pledged our support to the President and the administration in seeking to promote peace and security. But, as we said last year and as we repeat again, "it is our firm conviction that we may be in more danger by clinging to old methods and by using wornout and discredited tools if, by refusing to question the success of those methods, we delay in reappraising the desperate situation in which the world finds itself and United States policy with respect to that situation." Therefore, regretfully but with a firm conviction as to the correctness and basic worth of our position, we oppose the passage of H. R. 9678 at this time.

Mr. VORYS. Mr. Chairman, I yield 10 minutes to the gentleman from Indiana [Mr. ADAIR].

(Mr. ADAIR asked and was given permission to revise and extend his remarks.)

Mr. ADAIR. Mr. Chairman, as previous speakers have indicated, we have here before us today legislation which not only embodies certain new ideas, but also is based upon provisions which have been present in legislation dealing with this general subject of foreign aid or mutual security through many past years. Having this in mind the committee has reported out a bill which has some things new and some things old. I would have to say, as I think all would who have read the bill, that from the standpoint of drafting and actual writing of the legislation, it is a well-done piece of work.

My objection to the bill is largely philosophical; I do not believe it is the kind of bill that we need at this time.

In the first place, it seems to me to continue a general philosophy which contends that the mere supplying of money or the things that money can buy will win and hold for us international friends and allies. To my way of thinking that concept has been proven to be false. I say that with a considerable measure of regret, because we have poured out many billions of dollars, and I wish we could stand here in this Hall of the House of Representatives today and truthfully say to each other that the program has been an unqualified success. The fact that we are not able to do that would indicate to me that it is entirely appropriate and necessary to examine the bill which is before us most carefully now to see whether or not it will do the things which all of us would agree ought to be done. That is, to recognize Communist aggression wherever it is throughout the world—in Europe, Asia or elsewhere—and take those measures which must be taken to combat it. Second, we would wish that this bill would assure us of friends and allies who would be with us in every proper measure to accomplish the downfall of communism.

It ought to be said further, furthermore, that there are in this bill many good things. There are elements that will provide help and assistance to peoples who traditionally have been, and so far as we can see in the future will be, our loyal friends and allies; those who are willing to stand up and be

counted; those who have been with us in the past and those who will without question be with us in the future, those peoples upon whom we can count in this great struggle against international communism. But, unfortunately, the good features of the bill must be weighed with the less desirable features. Again, to my way of thinking, the less desirable features of the bill outweigh the more desirable features.

So, from the standpoint of our relationship with other nations throughout the world, it is my contention that this bill does not accomplish what we want to do. That is, it does not assure us of new friendships and the continuation of old ones because it has been built too largely upon the patchwork, as our minority views say, of previous legislation which has not been too successful.

Now I wish to address myself briefly on the matter of congressional responsibility. Those of you who have read this bill with care will recognize in it certain provisions which give great power to several branches of the executive department in the way money is expended and in the way policies are made. I think there is in this bill too great an abdication by the legislative branch of authority which not only is its right but its responsibility. As elected representatives of the people, we have the responsibility to see that moneys are carefully authorized and subsequently, of course, appropriated, and then that their expenditure is checked so that we may know, and through us the people we represent may know, that the moneys have been properly authorized, appropriated, and then used. There is in this bill too great a looseness in the provisions tying down the expenditure of these moneys. Previous speakers this afternoon have mentioned the fact that many of these expenditures are predicated upon what are referred to as "illustrative programs" which the presentation team gave to the committee in justification of the authorizations. It was not only my observation but the observation of many others on the committee that the programs presented were more illustrative than actual. There was too great a vagueness about these programs, too much lack of detail, and too much lack of certainty as to the purposes to which funds would be put.

I believe we would be remiss in our obligation as Representatives if we were to authorize appropriations of funds on that basis. Some might say to us that the program will grind to a halt if this is not done immediately. It has been pointed out here this afternoon that such is not the case.

At the end of this fiscal year 1954 there will be about \$9.7 billion unexpended in this program, and there will be \$2.6 billion unobligated.

Much of the money which will have been obligated within the past few weeks or months will be for items which will be produced or delivered in the years ahead. I think there is no danger that we will find a lack of funds to carry on this program if we stand back and take a long and careful look at it as our congressional responsibility would require.

Now, there are several factors today even as we debate this bill which would indicate the need for a more mature and a less hasty determination of these problems. I only need to mention a few of them to point out to this House that there are situations afoot in the world today which make doubly necessary our considered determination of this question. In the first place, there are the recently held conversations between the Chinese Red Premier, Chou-En-lai, and Prime Minister Nehru, of Indian. Then there are problems arising out of the election of the new Premier of France and the commitments that he has made relative to ending the war in Indochina and what that means to the general situation there; and, in fact, there are conferences presumably being held at this very minute in this city, the results of which have not been announced—all of which go to point out that there are facts unknown to this House without which we are asked to make a vital decision. Without full knowledge of those facts, I contend that it is difficult, if not impossible, to reach a reasoned and logical conclusion and therefore to bring out the best bill possible.

We must recognize, as has been previously said, the dangers of international communism wherever they exist. We must take steps to meet those dangers. I think every Member of this House is prepared to take such steps, but we have a right and an obligation to do the two things which I have pointed out: to discharge faithfully our duties as Members of this House with respect to the expenditure of funds; and, secondly, not to take hasty action and action that may be based upon lack of information when a delay of only a few days might make that information available to us.

Mr. Chairman, I believe that there is a possibility of bringing before this House good and valid legislation. In my opinion, the legislation before us is not the best possible, and, therefore, I do not expect to support it.

Mr. GORDON. Mr. Chairman, I yield 10 minutes to the gentleman from Mississippi [Mr. WINSTEAD].

Mr. WINSTEAD. Mr. Chairman, I rise in opposition to this bill. I oppose this bill for many reasons, one of which is the carryover of approximately \$10 billion.

Mr. Chairman, at the end of World War II, I supported the foreign-aid program. Then, as you recall, the Marshall plan was proposed as a substitute, due, in my opinion, to the popularity of General Marshall. The proponents of this plan stated to us at that time that we could not go on forever with the original program as it had been operating, but that we would set up a new program; that we would serve notice on our friends abroad that we would help them for 4 years under the Marshall plan. However, we were told that notice would be served on foreign countries to put their house in order because this program could not continue indefinitely. I supported that program. I supported foreign-aid appropriations until 1950, when the appropriations of \$75 million was made for South Korea.

In 1950, when we had the \$75 million appropriation for South Korea, practi-

cally nothing was allowed for military defense; it was largely economic aid. If you recall at that time the papers stated that our Secretary of State, Mr. Acheson, and certain of our military leaders made statements to the effect that South Korea was not worth defending from a military standpoint. We, therefore, withdrew our military strength and refused to allow South Korea the right to arm for military purposes.

Shortly thereafter the Communists invaded South Korea. It was my opinion at that time that if we pumped \$75 million into South Korea without any military protection, there was no question but that the invasion would occur. I have been very critical of our foreign policy, but there is one thing I would like to say here. I read where Vice President Nixon in a speech on June 26, 1954, blames the Indochina crisis on Dean Acheson, but at the same time praises the foreign policy of Secretary Dulles. I criticized our foreign policy under Mr. Acheson, but to save my life, I do not see how Mr. Nixon or any Member of this Congress or any American can see any difference between the Acheson foreign policy and the foreign policy under Secretary Dulles. If there is any difference between the two men, in my humble opinion, Acheson was the smarter of the two.

Our present foreign policy has not strengthened us—instead, we continue to lose friends day by day. Either we are wrong or many other countries of the world are wrong, including Britain, France, Italy, and many other countries. We cannot buy friendship. We have to date failed to gain the support of many other countries in our honest effort to maintain unity and peace in the world, irrespective of an expenditure of billions of dollars.

As a member of the Committee on Armed Services, I had the privilege in 1943 of going to Mexico and countries in South and Central America. In 1944, our committee spent 4 weeks in Europe. Last year as a member of an Armed Services subcommittee, we covered many countries of the world. I had certain ideas before I went into those countries, many of which were confirmed. I am no expert, I assure you. Most of the experts spend about 1 or 2 days in each country and then write a book about it. They have all the answers. I do not have the answers, but I do know when the other fellow misrepresents what I consider to be the answer.

I am convinced that with approximately \$10 million of carryover in this foreign-aid program, the greatest strength this Congress could give the President and the Secretary of State would be to send this bill back to committee and refuse to authorize another dime until we have a concrete plan of mutual cooperation with countries receiving our aid and support. Such countries, in my opinion, must be willing to fight for their own freedom and their own rights. We cannot take American dollars and force any country to fight against its will.

I want to say another thing. In my personal opinion military aid is more

dangerous than economic aid unless wisely placed. If we are going to build air bases in certain countries, which I do not think best to name, we must be assured that such bases will be used by our allies and not by our enemies in the event of war. Why should we send modern machinery and equipment into one of these countries, as we did in Indochina, if these countries do not have sufficient trained personnel to maintain and operate this equipment? If we do supply this equipment to countries without trained manpower, there is no other alternative except to send American-trained men to protect that equipment and that material, or else let it fall into the hands of the enemy. To this I cannot subscribe.

This administration, in my humble opinion—and I am speaking from my heart today—has done no more than the previous administration in assisting and encouraging the training of personnel in those countries which we consider our friends and allies. What happened prior to 1946? What happened in French Indochina? You know and I know that we refused to fully support the French in their move in Indochina. All we heard then was the cry of colonialism. Let me speak my piece on that subject.

We have helped to force the British out of Burma, out of Malaya, out of India, and other places. We have helped to force the French to agree to the independence of Indochina. We have forced upon the United Nations a partition of Palestine and insulted practically all our friends in that section.

We could learn much from some of the old countries in certain respects. I say to you frankly, that with all the faults that can be found with colonialism, we would be a thousand times better off today if the British and the French were still in leadership positions, for now, after we have helped to force them out, we do not know what to do with the situation. Take India, for instance, we encouraged her independence, we gave her financial aid and assistance, yet it is a matter of fact that she is failing to cooperate with this country and our allies. Under these circumstances, how can we justify millions in this bill for India?

Consider South Korea, a country we all want to help. When our committee conferred with Mr. Syngman Rhee, the old man was woefully disturbed about our economic plan in Korea. Why? He was afraid we would wreck the economy of his country. Take, for example, the master plan for the economic recovery of Korea, which some call the New Look or new foreign policy. Mr. Harriman could never have advocated a more elaborate plan than that of Mr. Stassen. For example, the present plan did not provide homes for the common people which they could afford to maintain. The superhighways and railway plans were far too elaborate for the needs or the economy of the country.

I shall not take more of your time here except to say if America is right in her foreign policy something is wrong with most of our allies.

Again, I say if we want to strengthen the hand of President Eisenhower and Secretary Dulles in our foreign policy, we should recommit this bill, and say to the world that unless a country is willing to stand up and be counted on the side of the free world; we shall not waste our money; we shall not go into the four corners of the earth to aid countries which may turn against us in the future.

Mr. VORYS. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. JAVITS].

(Mr. JAVITS asked and was given permission to revise and extend his remarks.)

Mr. JAVITS. Mr. Chairman, we have heard some very eloquent explanations of the positions of those opposed to this bill. However, there is only one thing they have not explained, I believe, and they have not explained it in the 7 years of debate since I have been here; that is, What would they do?

If only the U. S. S. R. would hold still, if only the Indochinese Communists would hold still, if only the British were in control of India, if only they could stay in control of Malaya, if only the French would continue to bring "law and order," as the saying goes, to Vietnam—what a nice world this would be say these folks. I ask them, So what? The Soviet Communist regime will not hold still. On the contrary, they are dynamically moving forward in every place where the free world allows them to move, and they are building up.

We had a debate here the other day about their economic strength in connection with the reciprocal trade bill, and its increase, the fact that they and their satellites are now almost rivaling all of the western European complex in terms of steel production. Their propaganda of a better life for the economically depressed is phoney but it has lots of people in the world to appeal to, let us not forget that, because most of the people of the world, and I am talking now about the free world, have extremely low standards of living and are in a state of real economic deprivation. They do not believe they have nearly as much to lose as we Americans do who have a decent standard of living, even if they are offered the alternative of slavery. Many of these people do not know the difference between freedom and communism. They do not begin to understand the terms which we use in our discussions here.

Last year the mutual security program was justified on the ground that we were backing up President Eisenhower whom the American people had elected for the purpose of leading us more vigorously in the direction of world peace. This year we are backing the mutual security program in our committee because we realize, after very careful study, not by the previous but by this administration, that despite the confusions and the uncertainties and the unresolved answers to unresolved questions—which will continue to be unresolved, I assure you, for a long time to come—the United States at least has got to have some bedrock staples in a military, economic and informational mutual security program on

the shelf. History marches on and the United States at least, the greatest industrial power the world has ever known and the leading rival to the competition of communism and the Soviet Union, must have a basic program that goes on while we try to develop better solutions so that when all the confusion and all the distortion is pierced, the United States is going on in the defense against the enemy which everybody knows is communism, and we do not stop. What those here who have opposed the mutual security program suggest is—stand off and take a look and stop—when—the Soviet and Communist leaders are marching on in Europe and Asia—yes, even with the danger in Central America. My dear friends who are opposing, we dare not stop. If you have a better program, let us hear it, but we cannot stop—we cannot stop unless we want to be taken over.

Now the British have handed us a proposal for a Locarno, and a Locarno could mean, as was properly said, guaranteeing gains which have been gotten illegally by Communists. Of course, the American people will accept no such thing—we want no resemblance to Munich—and many Members of the Congress, and I am sure although I do not know, inside the executive department, and the President, will have made that amply clear. You would think from the sound of it that that is a conclusive reason for our stopping this program. On the contrary, that is exactly the reason for not stopping because what brought on Munich before World War II was the fact that the British stood almost alone against Hitler in a then defenseless world. What will avoid any other Munich will be strength in the free world and that the United States cannot retreat from establishing that strength. What would you expect the British to do standing alone? Do you expect them to invite the dropping of the H bomb on Great Britain? They are 3,000 miles nearer the Soviet Union than we are. What greater earnest do the American people want that the British will stand by us and they will again fight for freedom, if they are given a reasonable chance, through all their doubts and vacillations—and this Locarnolike proposal is one—what greater earnest do you want than that our heavy bombers are based on British territory? If there is retaliation against the air bases it will be, not our air bases in the United States—but our air bases on Great Britain's soil—I do not think there can be any grater earnest of the good faith of a people than that of the British people in this situation.

There has been a lot of talk about what has been in this bill for military aid. It is true that we are maybe 10 years behind the fevered military preparations of the Soviet Union and the Communist bloc which can dragoon the whole slave world in terms of military preparation. And sad to say, I repeat that, sad to say, 87 percent of this bill is for military aid. Why? Because we have to catch up militarily. It is going to take considerable time to catch up. The Communist bloc are ahead of us in terms of

military preparation. Do you think we are going to win this struggle with the Soviet Union—and we are sure we are going to win it—if we adopt the theory of a preventive war and are ready to drop the H-bomb on Moscow, which I do not believe anybody in his right mind in the United States would dream of recommending? That is not going to win it. Mutual security in military terms is going to give you the security backing up and will be but the beginning of winning the anti-Communist struggle. The way we are going to win it, as we all should know, is economically, socially, and morally because we know that what is against us is not only Godless as has been truly said time and time again, but it is immoral—they even kidnap people across state lines. It is another kind of enslavement of peoples and it is not a new method of the Russians but is the same course of enslavement as Hitler took. The Communists operate on the basis of very specious but very spurious propaganda among people in the most depressed economic conditions. The real offensive against the Soviet Union and against all communism is to do the real economic job that we know needs to be done for redeeming the world. Now we are working on these programs for technical assistance with the use of some \$131 million, for economic development in this bill and for economic development with the sum of \$240 million. People talk about how we have suffered reverses and that we are not doing very well with this program.

Greece is not Communist. Greece repelled the Communists. You ask the fellows in the Kremlin if they think we are succeeding, and they may tell you about Yugoslavia, which is the greatest defection the Communists have had; superior to anything we have lost, right in the heart of Europe. Then you can ask about some of the other reverses they are suffering, like the Turkey-Pakistan pact—our new anchors in the Near East. They are in this bill. They are not Okinawa and Greenland. These are defenses which you are providing for in this bill—all of these I have mentioned.

Now, we need a little perspective. The distinguished gentleman from Ohio [Mr. Brown] who opened the debate on the rule, who is now presiding, said that we had spent well over \$100 billion in mutual security and foreign assistance. One hundred billion dollars plus sounds like a lot of money, but it is one-third of the gross annual product of the United States for 1 year. The gross annual product for the United States with 7 percent of the world's population which runs around \$360 billion a year. It is in excess of twice the gross national product of the whole complex of Europe, about 250 million people.

We have enormous power, and we can sit on that power like Midas on a pot of gold, but as surely as God made little green apples we will neither enjoy the power nor will we keep it. What we can take are judicious measures for sharing that power with others in the free world who are willing to accept responsibility

and keep freedom for us all, and drive back this menace of communism, the like of which man has never seen.

Now, men say that we are only using money. What do they think of the losses of the people of Korea in the ROK armies? Losses about 3 or 4 times our very tragic own. Is that only money? What about the losses of the Greek forces in fighting their anti-Communist battle? What about the fact that three-fifths of the combined Vietnam forces are natives of Indochina? Even though economically depressed free people of the world still love freedom and will fight for it. Why should we not be here cheering it instead of discouraging it? For what? For what considering the size of the issues and the magnitude of the powers engaged might be called a "paltry" \$3½ billion, which is something like 1 percent of the gross national product of the United States. If this is going to be our attitude you could understand it if the free peoples of the world turned us down. Fortunately it is not. Every poll shows that the American people by an overwhelming majority believe we must go forward. We must face these unresolved problems, and we do. We must face those things, but our people seem to have the good sense to feel that we must go forward in this common military defense and economic offense. I say to you that we will need more regional organizations for mutual security and mutual cooperation within the framework of the United Nations. I do not care whether they were devised by the last administration or this one. They are devised by the historical necessity of the United States.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. CHIPERFIELD. I yield the gentleman 1 additional minute.

Mr. JAVITS. They are devised by the historical necessity of the United States, a history just as valid under the last President as under this one. I have enough confidence in the American people and President Eisenhower to believe that they elected him for good reasons, and it was not because he was going to withdraw from world leadership, which the United States rightfully has. On the contrary, because they felt he could bring this leadership to mature success.

Mr. NICHOLSON. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield.

Mr. NICHOLSON. I wanted to ask the gentleman if we have not appropriated more than \$3½ paltry billion in taking care of our own armament? Have we not appropriated a billion dollars in the last 3 years?

Mr. JAVITS. We have appropriated \$28 billion this very year for our own Armed Forces, and in my opinion we would have to appropriate twice that to get the value in free-world defense which we will get out of this program. When I said "paltry," I was trying to draw a comparison. I was not being insidious to the amount on the bill. I think this is a very reasonable provision. Three and a half billion dollars is an enormous amount of money, and it does

a tremendous job. I was trying to get the whole picture in some kind of perspective which I think it badly needs, in view of the way the debate has proceeded here so far.

The CHAIRMAN. The time of the gentleman from New York has again expired.

Mr. GORDON. Mr. Chairman, I yield 20 minutes to the gentleman from Arkansas [Mr. HAYS].

Mr. HAYS of Arkansas. Mr. Chairman—

Mr. CHIPERFIELD. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Arkansas. I shall be glad to yield.

Mr. CHIPERFIELD. I want to take this opportunity to thank the minority members of the Foreign Affairs Committee for their helpfulness in the consideration of this bill. I cannot recall a single instance when we had in our committee a political or partisan vote; in all cases we had a truly bipartisan approach, regardless of politics, keeping always in mind only what was best for our country. I wanted to say that to the gentleman.

Mr. HAYS of Arkansas. I am deeply grateful to the chairman of our committee for those comments, I had planned to say something about the necessity for a bipartisan approach to this legislation.

It is rather embarrassing to me to follow one who is as well informed and as eloquent as the gentleman from New York [Mr. JAVITS], who has just preceded me. I still feel like a newcomer to the Foreign Affairs Committee, because for 8 years I served on the Committee on Banking and Currency and only 3½ years ago was given my present assignment.

I recall saying to our distinguished chairman one time that it would be appropriate to change the name of our committee for we are dealing with matters that are not foreign, they are not alien—they are of immediate and vital concern. It might be more appropriate to call it the Committee on International Affairs; or, perhaps, if the phrase were kept free from unhappy connotations, the Committee on World Affairs.

Some of the decisions that we are called upon to implement by this measure were made years ago. Mutual security legislation is not a new adventure. We long ago decided that we have certain interests in the Pacific, in the North Atlantic, and elsewhere, so thousands of our young people are in uniform in those places and other thousands of civilians are in every part of the world today because we decided that America's interests abroad—military, diplomatic, economic interests—are vital. These decisions are not revocable.

The question is: In the face of continued threats to peace shall we fortify ourselves and our friends? Shall we pursue what has wisely been called the policy of deterring potential aggression by that nation which we know to be the enemy of those things we stand for?

Now, I do not enjoy speaking of evil in the world, but I am sure that it is the part of wisdom not to underestimate

either the evil designs of the Soviet or the capacity of the Soviet power that has been turned loose in the world. We must, on the other hand, not underestimate our own power; and I hope, Mr. Chairman, that the debate may be conducted without a trace of defeatism, for if the Soviets are great and powerful, so is our Nation, and we are becoming more powerful. I know that everyone in my hearing at this moment loves our country as deeply as I love it. I appreciate that there are those who hold other views and who feel strongly about them, but I hope the principal purpose of serving the security and other interests of the United States will be recognized at all times. The fact that, in addition to serving our own interest, we serve also the interest of other peoples who have the same anxieties about freedom in the world, the fact that they are served is not in conflict at all with this basic purpose of strengthening America through right relations with our friends.

Mr. Chairman, I think the key to it is teamwork. Reference has been made to the dissatisfactions that exist with some decisions of the Executive, but there can be no successful carrying out of our foreign policy except as we have good teamwork between the Congress and the Executive. I am eager as any that the Executive not invade our function, but I am also eager that we not invade his prerogatives. The framers of the Constitution never intended that these matters should be determined by legalistic decisions, but that there must be an interplay that is produced by a sense of teamwork. In this continuing problem of working out a foreign policy—and our foreign policy is not fixed; it is an evolving policy—there must be every effort toward cooperation between the Executive and the Congress.

Also that there shall be teamwork between the United States and those nations who believe with us in freedom, and who have the same general interests that we have in the world.

That does not mean that we construe their interest to be identical with ours. There are certain conflicts. There are inevitable conflicts between the economic interests of our country and Great Britain. We cannot hope to reconcile them completely, but we must avoid doing anything that is contrary to the team's interest. That should not be too difficult, for essentially Britain's security and defense interests are the same as ours.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Arkansas. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. In reference to the question of teamwork, would the gentleman go one step further and say that there should be good teamwork between our own political parties?

Mr. HAYS of Arkansas. I am happy to have that idea inserted. I certainly do agree with the gentleman.

Mr. McCORMACK. And that the leadership of necessity should in the first instance come from the majority party?

Mr. HAYS of Arkansas. Yes. I accept the statement of the gentleman

from Massachusetts that we do need teamwork between the parties.

Mr. GAVIN. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Arkansas. I yield to the gentleman from Pennsylvania.

Mr. GAVIN. I was pleased, after hearing the gentleman's earlier discussion about the bipartisan approach, that my very distinguished friend would bring in this new phase of it, that it should come through cooperation. I think we are cooperating.

Mr. HAYS of Arkansas. I may say to the gentleman from Pennsylvania that I have said nothing in conflict with his statement and I did not construe the statement of the gentleman from Massachusetts as offering an indictment on that score. I realize that it is a very delicate question. One almost hesitates to raise the question of bipartisanship for fear he may be misunderstood. I suppose that references to the past are inevitable, we cannot resist the temptation to speak of past events. We on the Democratic side may emphasize one feature of the record my good friends on the Republican side will emphasize another feature. But I hope and believe that when the story of postwar achievement is finally written there will be glory enough for both sides. I have not forgotten that the Marshall plan was first approved by the 80th Congress, so our friends are entitled to that pride in initiating a plan which has worked so well and achieved so much for Europe and the world. And while I am proud of Democratic leadership in this field I recognize that if we go back far enough we find lapses on our side. I recall for example that the convention of 1924 turned down Newton D. Baker's plea for the League of Nations. Both parties had tired of world leadership by that time—they reflected the mood of our people—but there were tragic consequences. I had not intended to say this, but in an effort to evaluate the matter of partisanship, to be fair about it, and to be as objective as a good Democrat can be, I make this reference and express the hope that past errors will not be repeated.

And now since I seem to be slipping into a review of the past I would like to mention three rules which I think might govern our judgments.

One is, Is it true? The second is, Is it just? I submit that some of the things that have been said about Mr. Acheson might have been true, for example, but I know of some that were not just because they did not contain the whole truth. Is it true? Is it just? Finally, is it relevant? Some references that are both true and just are out of place, because they are not relevant and do not serve our national interest. The desire to look at the past occasionally should be like the use of a rear-view mirror in a car. We use it, but only to see that danger is not approaching. Our eyes are on the road ahead.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield further?

Mr. HAYS of Arkansas. I yield.

Mr. McCORMACK. The gentleman was construing my questions as support of what the gentleman was saying.

Mr. HAYS of Arkansas. Exactly.

Mr. McCORMACK. Of course, the gentleman realizes that my question was based not upon the past, but only yesterday observations unfortunately were made that should not have been made, and it would have been better if they were left unsaid, where they tried to blame the Democrats for the situation in Indochina.

Mr. HAYS of Arkansas. The gentleman from Massachusetts and I are not far apart, and I am always happy to yield to him. He is one of my leaders; he knows I am devoted to him, and I hope he did not construe what I said as varying from the proposition he advanced, that we must struggle to avoid unhappy references to the past that hinder us in developing a sound foreign policy.

Mr. Chairman, when the war ended, the world was not the kind of world we had hoped for. I remember how eager we were to turn to other tasks, the kind that were closely related to the affairs of Arkansas, for example, and I remember how frustrated we felt. Instead of having a united world, we had a divided world, and we still have a divided world, but I point to the fact that at least it is an undestroyed world. A wise man said, when that comment was made following the war, that a world united would be better than a world defeated but a world defeated is better than a world destroyed. We have a frightened world, and it is well for us to be frightened, because when men are not awed by actualities they may fail to act defensively. Now, if I did not think that this bill, which is the product of weeks and months of hard work, added to our defense and to the possibility of deterring aggressions that would involve us, I would not be for it. My taxpayers are as burdened as those of any other part of the country. It is a proportionate burden, and all are eager to help them. But, I know if I were to take a poll of the 300,000 people to whom I am primarily responsible, if I asked "What is your first expectation of the Congress?" they would say, "Give us peace. Produce effective means to prevent war." That means giving to those people who are on our side the strength to resist aggression. It can be done with a certain amount of help from us. That issue has been presented to this Congress time and time again, and always we have voted to have strong allies. One notable statement was made by our great Speaker when he pointed out in the 1953 debate that the Turks could take our dollars and do twice as much with them in the way of getting weapons into the hands of fighting men. There are any number of instances proving that displaying strength close to the source of contagion, close to the source of present threats is effective.

Mr. GAVIN. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Arkansas. I yield to the gentleman from Pennsylvania.

Mr. GAVIN. As to the point the gentleman brought out about the Turks, if we could get the proper kind of support from the French and the Italians that we are getting from Spain and the

Greeks and the Turks, it would be a wise investment of American money. But if we pump billions of dollars into these countries and then have to wait patiently for 4 years for them to participate with us in the defense of Europe, it is questionable in my mind whether or not this is a wise investment of \$3½ billion.

Mr. HAYS of Arkansas. Let me talk to my friend from Pennsylvania [Mr. GAVIN]. He has lived with this problem of military preparations. Surely he does not think that only American soldiers, only American seamen are capable of defending freedom. We accepted the help of the French when we were fighting for our own freedom. The French have not changed essentially. They still love liberty. Humankind is pretty much the same the world over. Even the enslaved Chinese whose aspirations were described to us by Gen. Douglas MacArthur, in this Chamber—when he said in substance, "What are they looking for? Pretty much the same things we are." But the French particularly are individualistic. They know what would happen to life if regimented by Soviet tyranny. That is the reason the Frenchman fought in the underground. That is the reason he fought so furiously to regain an opportunity to fight and die for national independence.

Every informed military man I know brings back the word that the French are important factors in our first line of defense. They are regaining military strength and they are regaining the spirit that must accompany physical strength.

The French have suffered in Indochina. The French provided the soil upon which two cruel aggressions took place in one generation. But the French farmer loves his little farm as much as Pennsylvania and Arkansas farmers love their farms. The Frenchman will fight for liberty and we very much need him. He desperately needs us and here we have the heart of mutual security legislation, Mr. Chairman, recognizing the common interests.

Mr. GAVIN. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Arkansas. I yield, but briefly.

Mr. GAVIN. Certainly I agree with the gentleman. And we have appealed to the French and Italians for 4 years to participate with us in the EDC program. We in America, too, have made tremendous sacrifices; in World War I and in World War II and then in Korea with 120,000 to 130,000 casualties. So let it not be said that we have not participated with our full strength and men and materials in these European and Asiatic wars.

Mr. HAYS of Arkansas. That is right.

Mr. GAVIN. But the point that I am trying to bring out is this. We have sent our armies into all parts of the world without question, to suppress these dictatorial tyrants who periodically arise in the affairs of the world and to preserve liberty and freedom in the world. But now we come to this statement of agonizing reappraisal that Secretary Dulles refers to and to consider the question of German participation under the NATO

agreement and under the EDC. Does the gentleman know what I think? Twenty-five divisions of Germans on the line in Europe would do more to stop the Communist threat and to stabilize conditions in Europe and in the world than anything else we can do. What we need to do, I will say to my friend, is to build on strength and not on weakness. If we were getting the same support from France and from Italy as we are getting from Spain and Greece and Turkey, we could build our defenses to meet any demands that may be made upon us. So let us not overlook immediate consideration of German rearmament.

If the gentleman will permit this last thought: The Germans will fight if necessary, and that is why we should be interested in their immediately being taken into the EDC. Twenty-five German divisions will be a great contribution to building defense of Europe and bringing peace and stability in the world. It will distract the attention of the Russians from the Far East, give them something to think about and bring about a situation that may ultimately turn this war-torn, chaotic world to peace. But let us bring the Germans into EDC if they are willing to join with us. Otherwise we will eventually find ourselves out on a limb and if trouble starts we may have to go it alone with but few friends that I have mentioned joining us.

Mr. HAYS of Arkansas. I am sorry, but I cannot yield further.

(Mr. GAVIN asked and was given permission to revise and extend his remarks.)

Mr. HAYS of Arkansas. I am glad to yield to my friend, but he realizes that he interjected a new element into the discussion, and that is the question of German rearmament. He is aware of the fact, I hope, that there are provisions here designed to encourage the ratification of the EDC by France and Italy.

Mr. GAVIN. It is about time.

Mr. HAYS of Arkansas. The gentleman knows that many of us who fervently support this bill share some of his irritations, yet all this is a part of the hazard of living under free governments.

One monumental thing about our country's history is that we have never undertaken to dictate to other nations. The provisions here are not in the nature of dictation. In this powerful yet inspiring position in which we find ourselves today, that of the free world's leader upon whom so much depends, we adhere to this ancient tradition. Let each nation make fateful decisions for itself. We rest the case upon that principle.

Mr. VORYS. Mr. Chairman, I yield 10 minutes to the gentlewoman from Illinois [Mrs. CHURCH].

(Mrs. CHURCH asked and was given permission to revise and extend her remarks.)

Mrs. CHURCH. Mr. Chairman, I know of no greater privilege than that given me of following the gentle gentleman from Arkansas, whose magnanimity extends a mantle of kindness over our discussions in the Foreign Affairs Committee, and without whom I am afraid

we might sometimes miss some of the depth and meaning of the discussions which we hold.

I come here today under no delusion or illusion, either one, that anything that I may say will change a single vote on this bill. I am 1 of the 4 who signed the minority report, signed it, I might add, reluctantly, because if I could have brought myself to believe that what we are trying to do so earnestly would be perfected by this bill, I would have cast myself this year with the majority in the name of national unity in a time of crisis.

The fact that I did not do so simply bespeaks my own faith that the President, if in fact he so much as ever knows what I say or how I vote, would rather have me bespeak my conviction and stand by it.

I happen to be the person who last week introduced in the Foreign Affairs Committee a preferential motion asking that the final debate, the entire decision on this bill, and the ultimate reporting of it to the House, be deferred until such time as the administration should have perfected and announced to us its projected course in Indochina and southeast Asia, following announced conferences with Great Britain and decision by France on Indochina. I did not feel that was a step backward. I did not think that it was a step indicating any lack of faith. I thought that the suggestion made great commonsense.

You may remember that I said here during my first year in Congress that this country had grown great because it had based its aims on human freedom; because it had developed the greatest productive system in the world; but always and primarily because when we needed it we had found in ourselves a hard core of commonsense. We need that commonsense today.

But we need more than that. I did not think that a vote to defer discussion and action on the floor until such time as we might know even if more, in fact, might be needed than was asked could be harmful, as there are \$10 billion of unexpended funds, \$2½ billion unallocated—and we have been told that if we voted not one penny more the program could go on for 23½ months. Furthermore, everyone in this House knows that we could have carried through the program by continuing resolution beyond June 30. It seemed wise and necessary to see the future course before we arranged the authorization for the passage. Five Members so voted.

But that is behind us. The legislation is before you. I wish to speak to you very simply about the proposed bill, so simply, in fact, that you may wonder why it need be said. In short, I would like to tell you very plainly why I think this legislation is not good enough.

I know that it would be possible, as many have done today, to make a very creditable case about the size of the bill, the burden of its expense at a time when our national debt is pushing relentlessly through the debt ceiling of \$275 billion. I am not concerned about the size of the bill primarily: I would vote many times more than that amount, if I thought that it would infallibly bring the peace and

security which we are seeking. I do not think that it will or can. I am worried likewise about the delegation of congressional powers and particularly the delegation of congressional authority over the purse even to an Executive whom we love and trust. Nor is the major cause of my disturbance to be found in certain signs of maladministration, for I would remind the committee that when you have a project as big as this, to attempt to control it is like trying to put your hands around a cloud. The very magnitude of the program breeds and I think partially though in adequately excuses some of the mistakes that have been made.

What I am concerned about is something else. I sense that we have not yet come to grips with the psychological problem that signal problem of what is wrong with a world which is hungry for peace, a world in which we have spent over \$140 billion some say \$160 billion—a word in which we have poured out American blood in three World Wars within my adult lifetime—a world for which we have been trying to do and a world with which we have been pleading for the last 8 years to join us. Join us—why? In an effort for peace. I would remind you with more sorrow than I care to express that we are further from that peace today than ever before. You may say that that is just like driving down a blind alley and getting nowhere, but I rather think and I want to point out to you this *pons asinorum* is a problem that we have to face and meet not with dollars and material grants, but with prayer, foresight and understanding.

The present bill springs from no new appraisal, offers no new approach, and relies on "worn-out tools" and sterile methods.

I think this program has failed, first of all, because we have not put into it true mutuality. I tried to introduce in committee conditions of eligibility for title II, not because of a desire merely to restrict but because I learned last year in Asia that people can best share your problems and stand by you if they think that they are making some element of contribution to the effort. If we are to get the free world to work with us, we have to plan even with economically undeveloped peoples to guard their self-respect by letting them know that they are giving something in return for what we are giving them. I think in terms of one of the great young ministers of Burma who said to me: "Mrs. CHURCH, go home and tell your people not to offer Asiatics something for nothing. We are not used to getting something for nothing. We who know how much we need it, cannot accept it for our people. We lose face ourselves when we take it. They think there must be a string attached." It is time that we offer some conditions of eligibility and acceptability when we give anything, since we know ourselves that a gift given in a manner that guards the self-respect of the recipient produces a better friend and one more apt to stand with you.

I think that we have to do something else. We must be very clear-cut in these dark days as to drawing the line between those people who stand with us on prin-

ciple and those who do not even seem to understand what we are talking about. I am not sure that that is not the crux of the whole problem. Parenthetically, I would say to you that I would vote for certain features in this bill. For instance, I helped, I am glad to say, to defeat a motion cutting down the requested appropriation for pure and specific technical point 4 assistance. I think that kind of assistance is in line with what this country stands for, and will help to accomplish its purpose and give meaning to our effort.

But I think this: We have a duty to be very careful when we send armaments racing throughout the whole world and put jet planes and guns and instruments of our own destruction in the hands of others with even a faint trace of lack of discrimination. That is a very great responsibility. In fact, I tell you I sometimes almost recoil from the fact that a nation which 2 weeks ago wrote the words "under God" into our oath of allegiance has had to take upon itself the arming of the world with such resultant possibility of our own destruction and of the very annihilation of our civilization. As I said, I do not think that this bill sufficiently differentiates between true allies and those for whose friendship we still bargain with wistful hope.

Basically, the bill—and the program—still seems to fail to make an adequate psychological approach based on an understanding of what it means to be free. I do not think that we can go out successfully to people and ask them to stand behind us, saying "this is what it means to be free" when we ally ourselves with nations which in their minds are still adopting a colonial policy. I do not think furthermore then we can go out and say to people, "Come along with us. We will arm you," unless we are willing to tell them what as a country we ourselves are going to do if they fall prey to Communist attack.

To me, the ultimate question then is not what all these little countries whom we seek to arm are going to do—but what course, as a nation, we shall undertake to pursue. And on that course should be based the consideration of authorization in this bill. How can you ask countries around Communist China to stand up and accept our arms unless they know what our intention is? Is it not time to make a firm appraisal of our own strength, our own courage, our own purpose? Can we in honesty ask other countries to arm, as open prey to Communist resentment and aggression, without even a pact among themselves for mutual defense? Such appraisal of our course, and theirs, should be taken before we pass this bill.

What do I mean by "freedom"? I think that there is power in the very word. It should not be necessary to explain it to any American. But strange things are happening. I think that you heard the gentleman from Virginia [Mr. HARRISON], in his interesting discussion today, tell how impossible it was to get parts of the Constitution written into this bill. I would say that I have been more shocked in recent days by refusal to permit consideration of quotations from the Declaration of Independence

on the ground that certain clauses were "inflammatory in this day and age." I would remind the House that we need something inflammatory if we want to save the world. I do not think that there is any hope for us here or any hope for us abroad or any hope for the war-torn world except by persuading people somehow of what it means to be free. I think it is our weapon. I think we must accept it vigorously.

The CHAIRMAN. The time of the gentlewoman from Illinois has expired.

Mr. CHIPERFIELD. Mr. Chairman, I yield the gentlewoman 2 additional minutes.

Mrs. CHURCH. If we cannot sell that idea and what it means to be a free people, with a capacity for self-government and determination of their own futures, the right to live as they please, the right to worship as they please; if we cannot build into that concept of freedom a reverence for life; if we cannot build understanding of freedom into our allies so that they know that any attempt to control freedom is outmoded and dangerous—then there is no hope for us. You may say that this is sheer idealism, and deals only with "intangibles." I would say to you that in times of crisis, it is only the intangibles that bear any semblance of reality or power. As far as I am concerned, though we might vote billions, though we might put in economic supplies in many places, it will not be enough. It is not enough to give people something to fight with. It is not enough to give people things to live with. I think that you have to give them something to live by.

If we fail to make the dynamic endemic force of freedom a living thing throughout the world, there is not any amount of money that can either stay the damage or help us pick up the pieces. Does this mean that I would go it alone? I am not as foolish as that. I have spent the last 2 years on the Foreign Affairs Committee, trying just to learn. I have flown to the NATO airfields. I have gone nearly 31,000 miles in Asia. I came home humble, recognizing—particularly in Asia—a passion, among nations and people, to be free. We must persuade them that we want them to be.

I would repeat to you that this is not a world today which can be won or defended just by force. It is not a world which can be won just by material aid, or by a combination of the two. It is not a world which can be won in company with allies who blind themselves to the rising surge for independence. The situation can only be met in company with allies who share our indictment of Communist practice and aggression, and who will willingly join our crusade for human freedom. It is a world in which there is reverence and search for independence. If we can sell assurance of our own respect for their right to freedom to the people behind the Iron Curtain, or to those on that dangerous fringe, and tie in with it a deep-seated feeling that miracles can still be wrought, then I think we have a chance.

I am hoping still that we will stand aside, take a long look, a fresh perspective, and come up with a plan and a

program of offering peoples such freedom as will bring us and them eventual security and peace. It is the only kind of world in which we can live or want to live—indeed, the only kind of world which will long remain for man to live in.

The CHAIRMAN. The time of the gentlewoman from Illinois has again expired.

Mr. VORYS. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. GAVIN].

Mr. GAVIN. Mr. Chairman, you know it is difficult to secure any time from the Committee unless you are in complete accord with them. I wonder if I could have 5 minutes from the Democratic side.

Mr. RICHARDS. Yes; I will yield the gentleman from Pennsylvania 5 minutes.

The CHAIRMAN. The gentleman from Pennsylvania is recognized for 10 minutes.

Mr. GAVIN. Mr. Chairman, I want to thank my good friends on each side for having given me 5 minutes. I greatly admire the gentleman from Ohio [Mr. VORYS] and the gentleman from South Carolina [Mr. RICHARDS], although I do not agree with them at times I have great respect for them.

Mr. Chairman, I have been here 12 years and I have heard some very great speeches, idealistic speeches, dramatized and emotionalized, of the great need for leadership and participation in the affairs of the world. The grave responsibility we are charged with to bring peace and stability to the world; and there have been some fine orators past and present. Some have impressed me; in fact, the first speech I heard on UNRRA impressed me so much I voted for the first UNRRA bill, but then when I observed UNRRA in action—what they were doing, the maladministration, why I might say I have never participated in any foreign spending since; so my record is pretty well known.

At the present time our Nation owes about \$275 billion. A million dollars is a thousand thousand dollars, and a billion dollars is a thousand million dollars. We owe 275 thousand million dollars that the American people by the sweat of their brow must produce the money to pay in some form of taxes to pay this debt.

And I remember when these foreign-aid programs started: every other year they changed the name and technique as they realized the American people might rebel. When started they were going to be for only a year, then 2 years, 3 years, until now it is very indefinite, now they are telling you they do not know when they will stop; and as the gentlewoman from Illinois stated, they now have appropriations that will carry on these spending programs for the next 23½ months; so with another \$3.5 billion they are asking for will be enough to carry them on for the next 3 years. They always fortify themselves with plenty of money to carry out their program of foreign-aid spending. A great merry-go-round which is burdening the American taxpayers.

I sometimes wonder why we in the Congress cannot become practical, just a bit realistic. It is all right to be an idealist, but somebody must pay the bill. That has been our policy down over the years. In World War I, which I recall, I actually thought we were fighting a war to end all wars, to make the world safe for democracy; that was the slogan, and I actually believed it. Then after World War I, we sank our battleships, destroyed our fortifications, and we put our trust in treaties with people whom we thought were as right-minded as ourselves. What happened?

What did we do? We paved the way for the Lenins, the Trotskys, the Stalins, the Mussolinis, the Cianos, the Hitlers, the Himmlers, the Goerings, and the Goebbels to rise to power, so we had not learned any practical lessons; we fought through World War II with tremendous loss of lives of our fine American boys. Now if we had been practical and realistic after the war was over, we would have maintained our strength and national defense. But no, we demobilized our Army, we cut back our airpower, we cut back the Navy, we skeletonized the whole defense setup. Russia was sitting on the sidelines observing, patiently waiting for us to tear down our national defense and then they would move in on us to cause us plenty of trouble, which they have been doing. So after our demobilization, after we skeletonized our whole defense, and the Russians started to move in on us, they started to get tough with us. Then we again became concerned with building up our national defense. Suddenly we were involved in Korea and for lack of materials and equipment we were nearly pushed back into the sea at Pusan, the most humiliating experience in our history. We had to fight in Korea and look after building up our national defense, and we turned in a magnificent performance of which we can well be proud. It is my opinion that our defense program is coming along fine; we are not as strong as we should be; nevertheless we are making good progress and will continue to make progress.

I would like to be an idealist; however, I think that we must be practical and realistic.

They are talking now about cutting two divisions of infantry and armored forces in our Army, I think that is a very dangerous mistake. We should be strong, we should remain strong—build the greatest national defense we have ever had to meet any demands that may be made upon us any time, any place in the world.

Mr. Chairman, I have been in Europe 5 or 6 times since 1947. I have looked at it carefully. I have watched the different countries. I have talked with the people, I have seen their attitude, their thinking, and I think I am in a position, too, to express my opinion as to what should be done in the way of foreign aid. I do not think you are going to save the world by this constant pitching in of billions of dollars. If the spirit is not in the people who are participating with us, we cannot save anything.

What we should do is to build on strength and not on weakness. But we seem to think that by pouring billions of dollars around the world, billions of dollars every year, that we are going to get the support and cooperation of these people. The world is in just as much of a chaotic condition today as it was in 1946. After we had put in about \$60 billion, or sixty thousand million dollars, well, we are going to put in another three and a half billion and maybe the French and the Italians, if we put a little pressure on them, may come around. I do not think they will. If I had my way about it, I would put my money with Spain, with Greece, with Turkey, and with Germany, because you cannot tell, if we are suddenly catapulted into a war, if these countries where we have been building up military strength would actually fight. Maybe they would, I am uncertain but I would not be taking any chances. The Germans will fight. When they had that little upset a year ago and the Russians moved in on them, you saw pictures of the Germans standing up hurling bricks and cobblestones at tanks. What do you think they would do if they had equipment to fight with? What we should do in this agonizing reappraisal is consider rearming Germany because of the fact that if you do not, one of these days the Russians are going to come along with a plan for the unification of Germany and the Germans are going to take it because they want their country united and they can get no action from us. They have waited for 4 years for us to do something about giving them an opportunity to reason. They may rearm without our help if we continue to stall. They are requesting us, their leaders are waiting on us, their future depends on being rearmed, but our dilatory tactics will eventually, I believe, chase the Germans away from us. If they do tie up with Russia and Russia gives them a chance for unification, we may find ourselves out on a limb without a friend anywhere in Europe—we will have lost a great opportunity to build up defenses in Europe against Communist aggression.

So, in this reappraisal, let us forget this idealistic talk, all this glorious talk that we hear, that we have been hearing for many years, that we can stabilize and bring peace to the world by pouring out billions of dollars. Let us get down to good, sound, commonsense. If we can secure a good member on our team that actually will stand up and fight, that is anti-Communist and we know he is anti-Communist, why do we not take him, because when we do take him and build up EDC including Germany, I am satisfied you will stop up this communistic menace, this communistic threat, because the Russians will be concerned about one of their main lines of defense in Europe and they will not be able to give as much attention to promoting trouble in the Far East. But, no, we have to appease these various countries with which we are allied. We have been appeasing them now for years, and we have an element in the State Department that thinks we have got to handle

this matter diplomatically by appeasement with dollars so we continue to pump billions of dollars around the world feeling that we can save the world in this manner. My friends, it will take more than dollars; it requires the spirit of the people of these countries if we are to rid the world of this Communist threat.

I feel we ought to become practical minded for a change. Let us forget about saving the world. How about saving ourselves? If we continue the way we are going with our idealism we will ultimately end up in bankruptcy and we may have some difficulties ourselves. How about our boys who have gone willingly forth in two world wars and in Korea, through the cold, heat, filth, fatigue, misery, and mud of mechanized warfare? If we can secure the cooperation of a country like Germany to build up 25 divisions to participate in European defense and cooperate, work with us, against this communistic threat there would be no hesitancy on my part to have them form the defense setup.

I was in Spain last year, and I found that the Spanish people are a friendly people, ready to cooperate with us, they want to work with us, they will do anything and everything they can to be helpful in this defense setup. They are our friends. It took us almost 4 years to convince the State Department that here was a bastion, here was a stronghold, here was a people that had a million casualties in the Spanish civil war, fighting the Communists. Here was a country with four or five hundred thousand infantrymen, trained, ready for action, and yet we had to wait for 4 years for the State Department to make up their minds to cooperate and work with Spain, the greatest military stronghold in Europe. Yet we could not get the State Department to go along because we were appeasing these other countries and we might offend them, so we lost 4 years in building up defense of Europe.

Mr. Chairman, I think we ought to be practical minded. I think we ought to be realistic. I think we ought to use good, sound commonsense and spend our money with the people who are our friends and not with those that are questionable and problematical of the position they would take in the event of an emergency anywhere in the world.

So, today, in the short time that has been allocated to me, I cannot hope to cover this subject matter as I would like to, but it is about time we wake up and realize the tremendous possibilities in immediate rearming of Germany to participate in the EDC program.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. RICHARDS. *Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. GAVIN. Permit me to say, let Secretary Dulles immediately give us the encouragement by publicly announcing that he intends to reevaluate the whole situation, reexamining the whole picture, and take into consideration those people who want to participate with us

in the defense of Europe and not continue to pump our money into the countries that are questionable, whether or not they want to participate, and questionable, in my mind, as to whether or not they would participate and fight if an emergency should arise or whether we would have to go it alone after spending some 60 millions of dollars to rehabilitate these countries and build up their defense. Now, somebody has to make up their minds in France and Italy, one way or the other. They have to make up their minds to cooperate with us, or they will cooperate with somebody else, I hope that they make up their minds and make it up quick, because the American people have been patient, they have been tolerant, they have been generous over the years contributing billions of dollars to pump into the economic life of these countries for rehabilitation and the well-being of their people. Now let them show their friendliness to us and say, "Yes, we will join with you in EDC and join in the defense of Europe in an effort to bring peace and stability to the world."

Mr. RICHARDS. Mr. Chairman, I yield 15 minutes to the gentleman from Georgia [Mr. LANHAM].

(Mr. LANHAM asked and was given permission to revise and extend his remarks.)

Mr. LANHAM. Mr. Chairman, I had not intended to say anything during general debate, but there seems to be so much misunderstanding and misapprehension about this entire mutual-security program, I feel that I should try to help clear up these misapprehensions.

We have heard on the floor today that it is a giveaway program. That is not true at all. This is a program intended to insure our own security. In the process of assuring our own security, it is true that we hope we are insuring the security, not necessarily of our friends, but of the free peoples everywhere, the peoples who are opposed to communism and who are willing to join us in an effort to defeat communism.

Mr. Chairman, I want to talk to you first about the real nature of the threat that we are facing. Do not minimize it, because we are in a struggle, a final struggle, for civilization and freedom. Do not make any mistake about it. This is it. We do not know how long it is to last. Our President has said that it may go on for 40 years. I hope he is mistaken. But it may go on for 5 years or 10 years or even 40 years. It is a life and death struggle, a struggle for our very existence. We are playing marbles for keeps. Let us think about that as we go along with this debate. And let us forget partisanship.

Right here I want to say that the chairman of our committee remarked the other day after we had completed work on this bill that, as he recalled it, not a single vote in the committee had been along partisan lines. I think that is true. It is sometimes hard to maintain this attitude when certain things are said by those high in the present administration, which reflects upon the patriotism and good faith of the Demo-

cratic Party. But I try to put those things aside as I think we all should as we discuss this bill which is of such supreme importance not only to us but to the entire world and to civilization as we know it. I do not think we can emphasize that too much.

This struggle is of a twofold nature. Of course, it is a military struggle, but it is more than that. The menace is twofold. There is the military menace which is the menace of Russian imperialism. We fight that menace with our military strength. That is why we give military aid to our friends to meet that menace. Let us keep the distinction in our minds, that we have this military threat and then we have the threat in the world of ideas. This is a struggle not only for territory, but this is a struggle for the minds and the hearts and the wills of men, just as the gentlewoman from Illinois [Mrs. CHURCH] has so well said. But she has gotten confused and has not kept in mind the fact that this threat is of a dual nature; it is military and it is also in the field of ideas.

We must be strong in America if we are to meet this military threat of Russian and Chinese aggression. We must stay strong and we must keep our friends strong. We must keep strong those nations of the world who are on our side. We propose to keep them strong, not for aggression but for their defense if they and we are attacked. Somewhere in the Bible—I am sure they are Christ's words—it is said that those who are not against us are for us. That is true in the world today. Sometimes we think some of these people whom we have helped are no longer our friends. We may think they have turned their backs upon us and that they would not support us if it came to the point where we were attacked by Russia or China. But that is not necessarily true.

Some question has been raised about whether or not France would fight. I was impressed with General Gruenther's testimony when he was before our committee. Somebody asked him that question. He said, "I am firmly convinced that the French people will fight." And he said something else, too; and make no mistake about it, he knows what he is talking about. He is, as you know, an able, a brilliant, and a devoted servant of the United States. He is right on the spot and he knows what is going on. He said that France will fight and he said further—and I do not think I am disclosing anything secret; if I am, I hope the chairman of the committee or somebody will stop me. I was very much impressed with what General Gruenther said. He said that Germany's strength is vitally important to the free world in this struggle but that France's support is still more vital.

We must keep France strong; we must keep France on our side. Do not sell France short. We thought when the Laniel government fell it was a catastrophe, but somehow this man Mendes-France seems to have caught the imagination of the French people. While he may make a settlement in Indochina that is not what we would like, it seems that

he is determined to have a settlement there in order that he may bring order out of the chaos that is in France today and come to some agreement with the Western World about how we shall meet the challenge in Europe. Apparently the people have rallied behind him because he is a forceful man and has stood for something. He has been willing to speak out and appeal to his people, and has challenged them to help him bring order and dignity again to France. They are falling in line behind him and France is not dead by any means.

Our Secretary of Defense, Mr. Wilson, also made a strong impression on the committee. I recall what he said about France. He said that France is like a person who has had a nervous breakdown. He said France has been our friend since the time we won our independence. Shall we, he asked, abandon France now? It would be like a man who had lived for years with a woman he loved, and then abandoned her when she had a nervous breakdown.

It looks like France is recovering, so let us not sell France short.

Mr. HAYS of Arkansas. Mr. Chairman, will the gentleman yield?

Mr. LANHAM. I yield.

Mr. HAYS of Arkansas. I recall some testimony as to this question of France's exertions in the defense program. I recall a comparison, for example, between the salary and emoluments of a French colonel with 30 years of service in a high executive position, and one of our American sergeants who is an aide to one of our own officers. They get the same pay. We do not think the American sergeant is overpaid. We are not able to do what we would like to do for our fighting men.

Mr. LANHAM. The sergeant would probably agree with you.

Mr. HAYS of Arkansas. We would both be right.

Mr. LANHAM. I think so.

Mr. HAYS of Arkansas. But the point is that the French Government, even devoting a high percentage of its gross national product to defense, is unable to provide a higher scale than that for its fighting men. But France, according to every index I have seen, has done its share in making sacrifices for our common effort. It seems to me we might put the emphasis on that side as well as our own sacrifices sometimes, because we look in vain at some of our comments to find an appreciation of what the French have done.

Mr. LANHAM. I appreciate the gentleman's contribution.

Mr. GAVIN. Mr. Chairman, will the gentleman yield?

Mr. LANHAM. I refuse to yield. The gentleman has had his time. I have great respect for the gentleman, but he can get more time.

Mr. GAVIN. I might say to the gentleman the feeling is mutual.

Mr. LANHAM. I want to say something else about the situation in France today and the position which France holds in Europe. France realizes that Germany must be rearmed. What France objects to in EDC—and I am not saying she is right because I think

she is wrong and we are right—is really the political integration of Europe, and the loss of her sovereignty. It is just as though it were proposed to us that we give up our sovereignty and join in some sort of world government. France has gone along with integration in the industrial field, and we have a sort of industrial union over there of France and other nations on the Continent. England will not join any political union with the continental countries. Why should we find fault with France because she takes the same position that England does? We think she is wrong, but they are willing to go along with the rearmament of Germany and they are willing to go into some sort of arrangement there if it does not mean that they have to give up their sovereignty. Americans have believed for a number of years that Europe would be better off, if it were united politically as well as industrially. But, the trouble with us is that we think when we make up our minds, we ought to try to impose our views upon the peoples whom we are helping. There is in this bill a provision which was known originally as the Richards amendment. It has been modified so as to apply only to those nations who have not joined EDC. Under the provisions of that amendment, we cannot help France any further unless she signs the EDC agreement and gives up her sovereignty and become a part of what might be called the United States of Europe. I do not think we ought to hold that sort of threat over the head of France. I am opposed to that provision of the bill. I know the State Department has accepted it, and that it is no longer a question at this time, but I am pointing it out to illustrate to you what the situation is. What I am trying to say is that our friends will cooperate with us, if we simply do not try to cram things down their throats and impose our wills upon them. I say to you that this program is necessary. It is necessary from the military side. As the gentlewoman from Illinois [Mrs. Church] has said, there is too much of it being spent for military end items, and for military support. It has come about that we do not any longer want to say anything about aid—any aid—except military aid. The trouble is that we, in America, have come to depend too much on our military might and upon our wealth and our money just as the gentlewoman from Illinois has said. I think we ought to spend more for other things than military aid and military end items. But the distinguished gentlewoman from Illinois forgets that while we are trying to win the hearts and minds and wills and souls of men, we have to keep them strong. We have to make them strong in a military sense so that they can defend themselves. We have been losing in this struggle both in the military struggle and in the cold war. Are we going to quit now? Are we going to quit now and just throw up our hands and surrender? I do not believe we are going to do that. I believe we are going to do everything possible to keep strong all the peoples of the free world who are on our side or who can be won over to

our side. I believe we are going to give aid to the peoples of the world whose standards of living are low—even India. Some have said that India does not want our help, but I say to you that India is on the fence at this time—as India goes, so will go Asia and so will go civilization in Asia. If India goes Communist, make no mistake about it, we will be surrounded by communism and America will have to become an armed fortress. How are we to win India? I think in the first place we have an ambassador there who knows the situation in India and knows what is necessary to try to win the loyalty of the people of India, in spite of the fact that their leadership sometimes appears to be opposed to us. But, the trouble with the leadership in India and in other great areas of the world is that this thing we call communism has a strange attraction for underprivileged peoples. It inspires enthusiasm in its converts just as our democracy did when our country was young. Then democracy had an appeal for men and fired their imagination and won their support and enthusiasm. It inspired them as does a strong religious faith. Today, for some strange reason, communism inspires its followers in the same way.

It is too bad that we have lost our enthusiasm for our democracy. We have taken it for granted. We have taken our freedom for granted. We must regain our enthusiasm for it. As Mr. Adlai Stevenson said in a speech the other day, "We have a success story to tell." Instead of telling it to the world we have cut our appropriations for the very instrumentalities that could tell our success story to the world.

As he said, we have gone through a social revolution, and yet we have lost none of our freedom and in the process have made Socialism obsolete. We ought to tell that story to the world. We ought to appropriate the money that is necessary to tell that story to the world. We ought to recapture something of the enthusiasm for our way of life. Only in that way can we win this battle in the realm of ideas. Only in that way can we defeat communism. Communism is based on a false ideal while our democracy is built upon moral and spiritual foundations. We must in some way convince those peoples whom we want to win to our side, that our way of life promises them freedom as well as social and industrial progress.

The CHAIRMAN. The time of the gentleman from Georgia has again expired.

Mr. VORYS. Mr. Chairman, I yield 10 minutes to the gentleman from Vermont [Mr. Prouty].

(Mr. Prouty asked and was given permission to revise and extend his remarks.)

Mr. Prouty. Mr. Chairman, at various times I suppose that most of us have experienced feelings approaching frustration as we have contemplated present international tensions. As we reflect on the billions of dollars which this Government has expended in a serious endeavor to promote world peace and security we find ourselves asking these

questions: "Has it been worthwhile? Has anything constructive been accomplished? Will it not be pure folly to continue our efforts in this direction?"

And yet if we do not allow ourselves to be blinded by a sense of futility because we have not achieved our objectives I think we shall find that our actions have been far from in vain. The distinguished gentleman from Ohio [Mr. Vorys], and others have stressed the advantages which have accrued to this Nation and to the free world generally as a result of our cooperation with nations whose principles and ideals are basically similar to ours.

Suffice it to say that notwithstanding the waste and extravagance and the questionable value of some of the programs inaugurated in great haste and under the stress of the times the free world still exists and is much stronger than would be the case were it not for our active participation against the forces who seek to destroy it. And let us not forget that this has contributed to our own strength as well as to that of others, for if the rest of the world were under Communist domination the position of the United States would be almost hopeless.

Therefore, we should rid ourselves of the illusion that the funds appropriated for the mutual-security program constitute charity. This contributes to the security of the United States almost as much as it does to that of the other nations involved. We need their help and they need ours in the struggle against the most ruthless and powerful revolutionary force in history.

President Eisenhower recognizes this. Only last week he sent a special message to the Congress emphasizing the importance of the mutual-security program and urging the passage of this bill. As a great military figure he is fully cognizant of the problems involved in the titanic struggle now going on. He understands very clearly that without collective security among the freedom-loving nations there can be no individual security in the modern world. I believe that under his wise and competent leadership our security and freedom can be maintained.

Mr. VORYS. Mr. Chairman, I yield 10 minutes to the gentleman from Iowa [Mr. Gross].

(Mr. Gross asked and was given permission to revise and extend his remarks.)

Mr. Gross. Mr. Chairman, we have before us the latest edition of a series of acts, all bearing sugar-coated titles, by which billions of dollars have been ladeled out in the far corners of the earth with little or nothing in return.

This measure, like some of its predecessors, is euphoniously labeled a Mutual Security Act. Like its predecessors, it will provide neither mutuality nor security. Of two things we can be certain—it will provide an increase in the Federal debt, and if ever paid it will mean an increase in taxes.

As fictitious and illusionary as are these two words "mutual security" when applied to about 98 percent of the foreign nations with which we are deal-

ing, and as devastating as is this continued dissipation of our natural resources and finances, there is a still greater, fundamental evil in this bill.

There is scarcely a paragraph which does not in some manner delegate arbitrary power to the President. I challenge anyone to deny the statement I am about to make; that except in an all-out war, no single piece of legislation of such worldwide ramifications and involving such an amount of money has ever given a President more sweeping powers. The delegated powers in this bill are so vast and unprecedented that no President should be given them, no President should seek them, and any President should refuse them.

This bill is based on a false premise. Section 101, the first section and first sentence, states:

The Congress of the United States reaffirms the policy of the United States to achieve international peace and security through the United Nations.

Every Member of this Congress knows that is monstrous and affronting language. If it be the policy of the United States to achieve peace and security through the United Nations, then why the Geneva Conference, NATO, EDC, the proposal for a defense pact in southeast Asia, and other alliances and agreements, all of which bypass and ignore the United Nations? The truth is that the United Nations is a snare and a delusion. Korea, and now Indochina, have clearly demonstrated that as a world organization the United Nations is utterly useless for stopping war or waging war against armed aggression.

The end of the shooting war in Korea and the return of Washingtonitis—the social whirl, lavish dinners, foreign embassy lawn parties, and other similar activities too numerous to mention—may have dimmed the memories of some, but to others there is the acute memory of 35,000 American dead in Korea; the stark and naked fact that Americans did more than 90 percent of the fighting and dying and all of the financing of that disastrous attempt to halt Communist aggression while 44 member nations of the United Nations, representing a total population of more than a billion persons, contributed not a single combat soldier.

And now Secretary of State Dulles has blandly predicted he can obtain the endorsement and moral support of the United Nations for military intervention in Indochina. Did the United States go into the United Nations for moral support or in the belief that all member nations were united and determined to halt aggression such as that in Korea?

Let me say here and now that there will be more than a moral commitment on the part of other nations before I vote to send the youth of America to die in southeast Asia while the British and other so-called free-world friends and our own munition tycoons, casket makers, and others stuff their pockets with profits.

I reiterate that on the established record of dismal failure it is the worst kind of hypocrisy to assert in the opening sentence of this bill that it is the policy of

the United States to obtain international peace and security through the United Nations. Let us be decent enough to strike that language and spare the American people such sham and fraud.

Nearly a billion and a half dollars of the total contained in this measure would be allocated to military assistance and be spent wherever the President sees fit. Despite the huge amounts already expended for this purpose, there is still no evidence that some of the chief beneficiaries, notably France, Italy, and Yugoslavia, would be even fair-weather allies. Even the British give no evidence that they will cross the Rubicon of war unless the British Isles or some segment of their empire is attacked. And to those of you who have unemployed industrial workers, I suggest you ascertain, if you can, how many hundreds of millions in this multi-billion-dollar bill can be expended for the products of foreign labor in foreign factories.

Still with us in this 1954 version of the great international giveaway of the American taxpayer's pants—the shirt has long since gone—is that good old global boondoggle which the New Dealers fondly called point 4, but which the Republicans have austere labeled in the bill as "technical cooperation." The price tag on this item, as near as I can determine, is around \$112 million.

Do you know how point 4 originated? Let me give you a little history. Back in January 1949 a now-retired President by the name of Truman delivered his inaugural address. In that address he discussed an alleged foreign policy predicated then, as now, on the sweet-scented dream that money will buy friendship and bribed friends will somehow influence enemies to become paragons of virtue.

Anyway, the Truman foreign policy as of January 1949 set forth four objectives: First, strengthen the United Nations; second, world economic recovery; third, halt aggression; and, fourth, "a bold new program for making the benefits of our scientific advances and industrial progress available for the improvement and growth of underdeveloped areas."

Since there could be little hope of attaining the first three objectives, it was only natural that emphasis would be placed on point 4. Why not something bold and new for the underdeveloped areas of the world? After all, making two blades of grass grow in the Sahara where only one grew before or teaching Italian peasants how to shuck corn by hand—which they have been doing for a couple of centuries—would give American taxpayers another opportunity to get rid of some of their surplus cash. And teaching 8-cent-an-hour Japanese workers how to knit woolen gloves and mittens gave American workers in our own knitting mills an opportunity to take a rest from picking up their paychecks. Yes, by all means develop the underdeveloped and train others the same art. And so we did.

It is noteworthy that during the fiscal years 1951–53 there were 2,769 trainees as compared with a United States training staff of 2,405. In other words, there were only 364 more trainees than there

were trainers. Never did so few Indians have so many chiefs, but that seems to be the trademark of the great foreign boondoggle with which we are now dealing.

And something new is proposed to be added to point 4 under this legislation. It is an International Development Advisory Board, composed of 13 members appointed by the President, whose stated duty it will be to give advice as to policy. Following the usual pattern of such appointments, it is probable the board's first undertaking would be a junket to the far corners of the earth and in the end each member would undoubtedly become a huckster for bigger and better appropriations for point 4. If memory serves me correctly, one of the Republican pledges of the 1952 campaign was fewer boards, bureaus, and commissions in the Federal Government. But that was nearly 2 years ago.

Under the heading of "Other programs," page 34 of the bill, we find \$150 million earmarked apparently for the support of mercenary troops. For the first time in the history of this country, despite our experience with the Hessians that Britain threw at our forefathers as they fought and died to win our independence, we are being called upon under title 4 of this bill to underwrite the existence and expense of European non-descripts, organized in the hoary ranks of some kind of a mercenary military force. I suggest that Members of the House insist on far more detail concerning this move than is contained in section 401 of the bill.

Section 414 is entitled "Encouragement of Free Enterprise and Private Participation," and then follows a beautiful job of window-dressing leading up to authority for the President to guarantee investments in foreign countries against expropriation or confiscation to a total of \$200 million. Last year I called the attention of this House to the fact that the United Nations had taken official action providing that the government of any member nation could at any time seize private property for use of the state. The United States representative voted against this action but it was approved anyway. Now we have the strange and sorry spectacle of legislation to provide use of American taxpayer's money to indemnify an American investor in a foreign country whose investment may have been grabbed for the purpose of furthering state socialism. And this is the same United Nations to which, if you vote for this bill, you pay homage in the first sentence of the first section.

Mr. Chairman, this is new deal, fair deal, raw deal legislation at its worst.

Other provisions range from giving the President authority in connection with this act to suspend all laws dealing with contracts; to spend billions of dollars as he may elect; to assign any employee in the executive branch of government to international organizations, to becoming the director of a glorified international travel bureau.

Mr. Chairman, this is unwarranted and dangerous legislation. The American people are already dangerously over-

committed, militarily and financially, throughout the world.

Sixty billion dollars have been expended since World War II on the enterprises here contemplated. Individuals, States, municipalities, and counties have been drained of their tax revenues to help support these programs which have produced nothing but abysmal failure. I refuse to be a party to national bankruptcy and destruction of this form of government and I am unalterably opposed to this bill.

Mr. VORYS. Mr. Chairman, I yield 10 minutes to the gentleman from Michigan [Mr. CLARDY].

(Mr. CLARDY asked and was given permission to revise and extend his remarks.)

Mr. CLARDY. Mr. Chairman, I am in agreement with the minority report. It makes good sense. And I must express agreement with the remarks of Mr. BROWN, Mr. SMITH, Mr. BENTLEY, Mrs. CHURCH, and the others opposing this bill. Little more can be said—they have admirably summed up the case. I venture these remarks just so my position can be made clear.

I want peace. I want cooperation. I want friends. I want to defeat the Communist conspiracy. I just do not believe the continued bleeding of the American taxpayer will do what we wish. If I thought otherwise I would vote for the bill. But the self-evident bankruptcy of the idea that we can buy peace is enough for me.

For a great many years—ever since the Marshall plan was inaugurated, I have been listening to the debate and reading the articles, and I feel much today as though I had gone to the movies and stayed too long; this is where I came in. I am reminded of another analogy. You have heard the story of the old gentleman who stayed through the movie about 10 or 12 times and when asked why he did that he said, "I kept on staying there because I thought, maybe sometime it would come out different." We have been spending our billions for, lo, these many years, each time hoping that it will come out different.

We have been spending these billions hopefully, saying to ourselves, "Well now, this time this appropriation will do it." And today we find all of our hopes for peace, all of our hopes for a free world in a shambles at our feet. We are worse off today by far than we were when we started with the Marshall plan which, if you will recall, was advanced for the sole purpose, so we were told, to put starving people back on their feet in the aftermath of a horrible war. Then later it became the excuse that we were advancing these moneys to stop communism. Yet, in the years that have elapsed, we find over four times as many people behind the Iron Curtain as there were when we started the expenditure of these billions.

Yesterday as I sat watching my television set I saw Secretary Humphrey explaining things to us about the Nation's economic situation in a hopeful vein. But I also heard him tell us that he guessed they were going to ask us to raise the debt limit once more. So if we give this \$3.5 billion in addition to the nearly

\$10 billion already unallocated or unspent we are going to be confronted with the necessity of borrowing more money in order to give it to nations which, if the London Economist is correct, today have greater gold reserves in their treasury than they have had for many, many years. We are going to give it to countries like France, where in Paris last year I heard the man who is administering this program say that it was worked on this basis: They found out how much France though she could raise, how much France wanted to spend, and we put into the kitty the difference. That is the way the program has been and will be administered as long as we are crazy enough to fall for the idea that our billions will accomplish the desired end that we all agree upon.

It seems to me the basic question behind all of this that we have not been coming to grips with, or not quite so much as we should, is, Will this kind of program really save us from communism? I know no other test, at least none so good, as that of experience. If experience tells us anything, surely it must tell us that we have no friends on the earth today that can be counted on in the pinch.

Let us be practical. France, today, because of the tremendous Communist part of her population, is paralyzed. I do not think anyone can quarrel with that. Germany is divided because of the foolish mistakes that we made during and after the war, and cannot be counted on at the moment. England is scared to death, and perhaps with reason. But that is no reason why we should not face up to the facts.

It seems to me we are making mistakes because there are four basic fallacies behind the whole program. Of course we want to preserve peace. Of course we want allies. Of course we want help. We want strength. But we are going on the assumption that our own safety is inevitably and always endangered with every outbreak anywhere on the face of the globe. That I categorically reject, even though it may be true in part in some instances, but the facts do not justify that broad generalization.

The second is, assuming the first is correct, that our money will save the situation in spite of all of the concrete evidence which proves exactly the contrary.

And third, that the 160 millions of us can support the billions of people on the face of this teaming world indefinitely. Lastly, that the friends we have today will necessarily continue to be our friends tomorrow.

My good friend, the gentleman from New York [Mr. JAVITS] said he had heard no one answer the question "What would you do?" Well, I will give him one answer. I would keep our powder dry. I would make ourselves superlatively strong. I would not waste our money upon those nations that have evinced no will to either fight communism or to even try to resist its inroads. That is the answer I gave long before I came to these halls, and it is the only sane answer I can see because surely experience has demonstrated beyond all question

that we are not isolationists, but we are isolated today—isolated because the minds of men around the face of the globe have not yet realized the nature of the threat.

We have in our midst today as visitors those who would appease and those who did appease, and if we are not careful, we will be led into the same trap. I think we have gone beyond our capacity. I shall vote against raising the debt limit because if we refuse this money, there will be no need to raise the debt limit. I refuse to believe that the way to avoid bankruptcy is to keep on borrowing money when I know that over \$18 billion have been spent since the inception of these programs for the payment of nothing but interest. And when I see ourselves without a friend on the face of the globe who would lift their hands effectively to help us in the show-down fight that eventually will come—when I see all that, I shall refuse to vote one additional cent.

I intended to ask the rhetorical question: When will it end? It has been answered. We have been told we will go on indefinitely. Some day the American taxpayer will rise up in rebellion. I am sure they are in my district. They are unwilling to contribute further to the treasuries of those nations that are unwilling to do that which they should do, if they are at all alarmed at the Communist threat. These nations are unwilling to do what they should because they are Socialist in concept, and because they wish to spend their money for things which will keep their administrations in power. And we, of course, are not without guilt in that regard.

We are looking abroad with Guatemala under our noses, praying that by continuing a program that has fallen flat on its face over the years, some unlooked for miracle will occur between now and tomorrow morning and the money that we take from the pockets of the American taxpayers will somehow or other save us. I hope we will not continue to confuse the worthy objectives behind all these ideas with our capacity or our means to accomplish them. I hope we will not confuse worthy objectives with the mistaken thought that the appropriations we are asked to make will achieve those ends.

[Mr. DIES addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. VORYS. Mr. Chairman, I yield 8 minutes to the gentleman from Wisconsin [Mr. O'KONSKI].

Mr. O'KONSKI. Mr. Chairman, may I say at the outset that I have the highest respect for each and every member of the Foreign Affairs Committee. I do not think there is a committee in this Congress that has a more difficult task confronting them than that committee has had ever since I have been a member during the past 12 years. I wish with all my heart that I could go along with them on this bill because they deserve the respect and the support of the Members of Congress. However, I could not square my conscience by doing so. So am I concerned about the support that this committee ought to have as opposed

to my own views that I feel I should clarify for the record so that my constituents will know where I stand and why I voted as I did.

In the first place, we are engaged in a collective security struggle throughout the world. Everything that has been done regarding our foreign policy supposedly has been done with the idea of a collective security program. But this new \$2 billion in new and carryover appropriations for the war in Indochina is not in keeping with that policy because this \$2 billion provides for a go-it-alone policy in Indochina. Make no mistake about it. It is not a United Nations action, we have no allies except a half ally in France. And here is the peculiar position in which we find ourselves. The present Premier of France has been elected by a very small margin on the promise to the French people that if he does not end the war in Indochina in 30 days he is going to resign. Yet in this bill we are appropriating \$2 billion to carry the war on in Indochina for 2 years at the cost it has been going on for the past year. In other words, we may find ourselves in the position where in less than 20 days, because already 10 days have expired, France may completely fold up and pull out. But here we have appropriated \$2 billion to continue a war in which nobody will be involved except the United States of America. So we are going it alone.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. O'KONSKI. I yield to the gentleman from Minnesota.

Mr. JUDD. If the gentleman will look on page 13, he will find that that money is appropriated for southeast Asia and the western Pacific, which is a much bigger area than Indochina. The whole program is to save southeast Asia.

Mr. O'KONSKI. But the bulk of it is going to carry on the Indochina war.

Mr. JUDD. If Indochina went down, the necessity for saving the surrounding areas would be greater, not less.

Mr. O'KONSKI. I cannot conceive of carrying on a policy of war for a country which itself is not sold on war.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. O'KONSKI. I yield to the gentleman from Indiana.

Mr. HALLECK. May I assure the gentleman that no such undertaking as that will be a part of the policy of this Government.

Mr. O'KONSKI. I am glad to have the assurance of our majority leader because I know his words are quite weighty on the subject.

Mr. Chairman, we are making a great mistake. We are saying in reality that all we have to do is to arm this country and arm that country and have a strong Army and a strong Navy and the world is going to come out all right. In other words, it seems to me we are basing too much of our entire philosophy and thesis upon strength and strength alone. I discount that thesis entirely. I think one ounce of righteousness is worth 100 divisions in any war, and we find ourselves, particularly in the case of Indochina, where we are not on the side of right, and we will never win. With all the

billions of dollars that we have already poured into Indochina, in many cases and in many of the individual battles the armed strength on the so-called French side has outnumbered the other side by a ratio of 20 to 1, and they could not win because right was not on their side. Unfortunately, the people of Indochina have been sold on the idea that the Communists are on their side, that they will obtain their independence, and that the Americans are trying to foist French colonialism and exploitation upon them. We can pour \$100 billion into Indochina and send 6 million American boys into Indochina, which I am positive we will not do, but it will not solve anything, because we are on the wrong side of the fence, and as long as we are on the wrong side, it does not pay to continue to operate a war under those conditions.

Now, I have never been in Asia, but from 1931 to 1934 I taught about 100 Asiatic students on the west coast. They came from Malaya, they came from India, they came from Japan, from Indochina, and Indonesia, and I learned a lot from those people who we do not understand. The most important thing I know of in Asia is saving face. That country that loses face with the Asians loses face for all time, and I would much rather have a situation develop where, in my honest consciousness, instead of spending this vast amount of money, we would pass a resolution in this Congress something to this effect, that our hearts and sympathies are with the Indochinese people and we hope and pray for their independence and we will do everything possible to obtain their independence from French colonialism and the Communists, and if we pass that simple resolution and just leave this appropriation out, it would do more to save our face throughout Asia and throughout the world than anything you might possibly do. Because this is the description given me by these Asiatic students I taught years ago. They said the Asiatics might be compared to two dogs. One dog is very rich dog. He has a \$500 house in which he lives, made by his master; he has a beautiful silk pillow upon which he sleeps at night. But, this dog that has that \$500 house and that silk pillow to sleep on and the best of food is not happy because he is chained. On the other hand, you take a dog that is free to roam the woods. He is never clean, he never has a bath, he has no house to live in, nothing to sleep on, and he gets his food from the garbage can, but that dog is not chained and that dog is happy. And, these students told me at that time, when this thing was in the making, that that was the philosophy of these Asiatic people. They do not care what master serves them, they do not care what kind of house they have, they do not even care anything about the economic conditions, but they want their freedom; they want to be free.

Now, we are promising them all sorts of things. We are promising them ammunition, we are promising them guns and foods. They do not want that. What they want to be promised is their freedom and their independence. We

cannot save face in Asia by upholding French colonialism and slavery. Yet this appropriation does just that. We are inviting \$2 billion of ill-will in Asia by the passage of this bill. It's purpose is contrary to everything America should stand for. I cannot reconcile helping to fight for French colonialism and bigotry with what I know all Asians and Americans really want.

(Mr. O'KONSKI asked and was given permission to revise and extend his remarks.)

Mr. RICHARDS. Mr. Chairman, I yield 2 minutes to the gentleman from New Jersey [Mr. SIEMINSKI].

Mr. SIEMINSKI. Mr. Chairman, if the rush to fill our immigration quotas was slowing down or if the people in Europe and Asia and South America and Africa and Australia showed no further inclination to come and settle in the United States, then I should think we were in bad shape indeed. The fact remains that people still want to come to the United States.

There is something about the United States that people from other lands have preferred. Perhaps it is opportunity, the opportunity to develop to the fullest, the talents with which the Creator has endowed us; to stifle a talent, to us, is a crime. As a nation of coaches, we delight in fielding great teams, every member of which is taught to stand on his own feet, to use his own head, even in the most synchronized of plays.

Until we make known to others that to stifle a talent and not to use it for the good of the individual and his fellow man is wicked and wasteful, then moneys used to promote this program will avail little. The bayonet must not stick out beyond the covenant. The things the bayonet must be on guard to protect, it seems to me, are what people stand for, the conditions they seek to overcome in their desire to build a better life for themselves and for others, a life in which pain and suffering, physical and mental, are reduced to the minimum known to man. Launched on that premise, this bill can help alleviate suffering and promote a sense of security sufficient to allow men and women on the five continents of this planet to work out better destinies for each other.

This, then, is our workshop, Mr. Chairman—5 continents, 2½ billion people, half of whom earn less than 9 percent of the world's total income. In biology, inbreeding waters the blood, produces degenerates. In economics, can the United States long trade with itself? What if the rest of the world could realize for itself the opportunities the United States holds out for its people? Energy vitalizes. This bill, properly administered, can vitalize others and, in turn, ourselves.

Much has been said of moneys Uncle Sam has poured out since World War II to promote and to lift the level of living of others in Europe and Asia. Little, if anything, has been said of the increase in the gross national product of the United States as a result of doing so.

During World War II, our dollar shrank to practical zero—we gave stuff

away, lend-leased it to win and to survive. Our product grew.

Some have said that if man could find the moral equivalent of war in peace, the millenium would arrive. This bill makes a step in that direction. It seeks to make all think of each other's benefit, as happens in war.

Strategically, tactically, economically, politically, and socially, this bill can spell out benefits for the United States and for every nation on the five continents interested in the fullest development of man under freedom.

I regret that some think England is closer to Russia and thus more vulnerable to atomic attack than is the United States. Do they overlook Alaska? In the Bering Sea, a very small distance separates a Russian classroom from an American classroom.

From 10 Downing Street, England appears safer than ever. It is the United States that is in greater danger of being mousetrapped. The British axle pierces the globe. Canada is above us. The British are in offshore Europe, and the Australians sit in the Pacific with the contending forces of the world in seeming stalemate above them. Canada has a right bower in the United States. The British have a buffer in western Europe, and Australia is safe so long as the contending forces keep swirling above it.

The Soviets? The danger they face is being mousetrapped into a local war in the Pacific with the United States. This would play the game of the neutralists whose desire is to see the two giants bleed and wear each other out farthest from Europe, Asia, and Africa.

Mainland China? Now that Japan is, for all practical purposes, surrounded on three sides, in the north, by the Soviets in the Sakhalins, and by the Chinese Reds in North Korea, and by the Reds on mainland China, only the southern flank of Japan opens to Formosa. To the Chinese Reds, Japan thus, is no threat.

Does the workshop spell out other factors, Mr. Speaker? Would stalemate be one? A system of checks and balances on the big board among the powers of the world?

One could power play, I suppose, all kinds of combinations and permutations in the quest of organized man for security in the modern world.

And before closing with an observation about British candor, I think one can approach a reasonable vote on this bill, Mr. Chairman, if the definition of international relations is sound, and if the bill seeks to answer a question raised by that definition.

Offered as a possible workable definition of international relations is the following: It is what you as a people have, and how you are going to get what you need to live as a people. If you can't get what you need to live by negotiation, then you must fight or perish.

The question is, does this bill seek to give nations more ability to attain by negotiation what they need to live? And if unable to obtain what they need to live in self-respect by negotiation will they then be ready to fight, lest they perish?

If the bill does this, then it is a good bill and should pass.

And now, Mr. Chairman, on behalf of the people of the 13th Congressional District of New Jersey, which it is my honor here to represent, I should like to pass along an observation to our friends, the brave and candid British: It deals with procedure to be taken when Uncle Sam and John Bull are not in focus with each other, as they obviously were not in World War II objectives in the Orient. The question is, how best to handle such a situation with the American people?

For example, during World War II, a brilliant series of documentary films was put out, called *Why We Fight*. They were shown to troops in the allied effort. It is my understanding that two scripts were presented by Americans on the China story. The British declined to approve either script. No film on China was made. One could conclude that while Uncle Sam fought for the people of China to be free of foreign oppression, the British were chiefly interested in the profit picture of the Commonwealth of Asia.

Is it for the people of the United States to understand more fully that, in foreign affairs, in peace or war, Americans will be continually disillusioned and hurt unless they realize that with the British, two questions must be answered in the affirmative: One, will it work, and second, is it profitable?

If the above is so, and if Americans had understood British politics more completely, and took commonwealth tactics more into consideration, then perhaps half or more of the blame American leveled against Americans for the loss of mainland China to the Reds might never have been leveled.

On the above basis would it be fair to ask the British whether, in matters of trade, the Soviets could eventually, if not now, become British brokers in the Orient, especially for Red China? In 1952, a United States Coast Guard check deposited in Hong Kong, cleared through a bank in Moscow.

I trust that this bill will do everything possible, Mr. Chairman, to keep Americans abreast of foreign affairs on each of the five continents, with as little pain and suffering to the people thereon as possible.

Mr. RICHARDS. Mr. Chairman, I yield back the balance of my time, with the exception of 15 minutes, to be used tomorrow.

Mr. VORYS. Mr. Chairman, the gentleman from South Carolina [Mr. RICHARDS] and I had an agreement with reference to the time that we would each reserve 15 minutes for use tomorrow by the Speaker and the minority leader.

Other than that, I have no further requests for time, and I move that the committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the Chair, Mr. BROWN of Ohio, Chairman of the Committee of the Whole House on the State of the Union, reported that the Committee, having had under consideration the bill (H. R. 9678), to promote the

security and foreign policy of the United States by furnishing assistance to friendly nations, and for other purposes, had come to no resolution thereon.

LEAVE TO EXTEND REMARKS

Mr. VORYS. Mr. Speaker, I ask unanimous consent that I may revise and extend the remarks I made today and include extraneous matter, and I make the same request for my colleague the gentlewoman from Ohio [Mrs. FRANCES P. BOLTON] and for other Members who have spoken on the bill today.

The SPEAKER. Is there objection to the request of the gentleman from Ohio? There was no objection.

TRADE AGREEMENTS

Mr. REED of New York. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 9474) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, with Senate amendments thereto, and consider the Senate amendments.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The SPEAKER. The Clerk will report the first Senate amendment.

The Clerk read as follows:

Senate amendment No. 1: After line 7, insert:

"SEC. 2. No action shall be taken pursuant to such section 350 to decrease the duty on any article the continued domestic production of which, in volume sufficient to meet projected national defense requirements, as determined by the President, would be threatened by such decrease in duty."

Mr. REED of New York. Mr. Speaker, I move that the House concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. REED of New York moves that the House concur in Senate amendment numbered 1 with an amendment as follows: In lieu of the matter proposed in the Senate amendment, insert the following:

"No action shall be taken pursuant to such section 350 to decrease the duty on any article if the President finds that such reduction would threaten domestic production needed for projected national defense requirements."

Mr. REED of New York. Mr. Speaker, the first Senate amendment would require the President to make a determination of whether a decrease in duty on any article would threaten continued domestic production in volume sufficient to meet projected national-defense requirements.

While there can be no question about the desirability of the objective of the Senate amendment, it needs clarification and improvement. For example, the Senate amendment would not necessarily prohibit a decrease in duty with respect to a given article even though the decrease threatened the particular industry concerned and even though that industry were vital to projected

House of Representatives, adopted on May 14, 1945 (H. Doc. No. 452); to the Committee on Public Works and ordered to be printed, with two illustrations.

1666. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated April 12, 1954, submitting a report, together with accompanying papers and an illustration, on a review of reports on Nawiliwili and Port Allen Harbors, Kauai, T. H., requested by a resolution of the Committee on Public Works, House of Representatives, adopted on June 17, 1948 (H. Doc. No. 453); to the Committee on Public Works and ordered to be printed, with an illustration.

1667. A letter from the Secretary of Agriculture, transmitting a draft of proposed legislation entitled "A bill to amend the act of April 6, 1937, as amended, to include cooperation with the Governments of Canada or Mexico or local Canadian or Mexican authorities for the control of incipient or emergency outbreaks of insect pests or plant diseases"; to the Committee on Agriculture.

1668. A letter from the Acting Secretary of Agriculture, transmitting the report on cooperation of the United States with Mexico in the control and eradication of foot-and-mouth disease for the month of April 1954, pursuant to Public Law 8, 80th Congress; to the Committee on Agriculture.

1669. A letter from the Secretary of the Army, transmitting a draft of legislation entitled "A bill to authorize the appointment of an assistant chaplain at the United States Military Academy and to fix the compensation of the chaplain and assistant chaplain thereof"; to the Committee on Armed Services.

1670. A letter from the Secretary of State, transmitting the Eighth Semiannual Report of the International Claims Commission of the United States from January 1, 1954, to June 30, 1954, pursuant to section 3 (c) of the International Claims Settlement Act of 1949, Public Law 445, 81st Congress; to the Committee on Foreign Affairs.

1671. A letter from the Director, Bureau of the Budget, Executive Office of the President, transmitting a draft of proposed legislation entitled "A bill to amend the International Claims Settlement Act of 1949, as amended, approved March 10, 1950, and for other purposes"; to the Committee on Foreign Affairs.

1672. A letter from the Director, Bureau of the Budget, Executive Office of the President, transmitting a draft of proposed legislation entitled "A bill to amend the War Claims Act of 1948, as amended, approved July 3, 1948"; to the Committee on Interstate and Foreign Commerce.

1673. A letter from the Archivist of the United States, transmitting a report on records proposed for disposal and lists of schedules covering records proposed for disposal by certain Government agencies; to the Committee on House Administration.

1674. A letter from the Secretary of the Navy, transmitting a draft of legislation entitled "A bill to permit the naturalization of certain persons by reason of honorable service in the United States Navy prior to December 24, 1952"; to the Committee on the Judiciary.

1675. A letter from the Secretary of the Army, transmitting a draft of legislation entitled "A bill to provide for the relief of certain Army and Air Force nurses, and for other purposes"; to the Committee on the Judiciary.

1676. A letter from the Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting copies of orders entered in the cases of certain aliens who have been found admissible into the United States, pursuant to section 212 (a) (28) (I) (ii) of the Immigration and Na-

tionality Act; to the Committee on the Judiciary.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, pursuant to the order of the House of June 24, 1954, the following resolution and bill were reported on June 25, 1954:

Mr. ALLEN of Illinois: Committee on Rules. House Resolution 600. Resolution for consideration of H. R. 9678, a bill to promote the security and foreign policy of the United States by furnishing assistance to friendly nations, and for other purposes; without amendment (Rept. No. 1924). Referred to the House Calendar.

Mr. CHIPERFIELD: Committee on Foreign Affairs. H. R. 9678. A bill to promote the security and foreign policy of the United States by furnishing assistance to friendly nations, and for other purposes; without amendment (Rept. No. 1925, pts. I, II, and III). Referred to the Committee of the Whole House on the State of the Union.

Under clause 2 of rule XIII, pursuant to the order of the House of June 24, 1954, the following conference report was filed on June 26, 1954:

Mr. JENSEN: Committee of conference. H. R. 9680. A bill making appropriations for the Department of the Interior for the fiscal year ending June 30, 1955, and for other purposes (Rept. No. 1926). Ordered to be printed.

Under clause 2 of rule XIII, pursuant to the order of the House of June 24, 1954, the following bill was reported on June 26, 1954:

Mr. HOPE: Committee on Agriculture. H. R. 9680. A bill to provide for continued price support for agricultural products; to augment the marketing and disposal of such products; to provide for greater stability in the products of agriculture, and for other purposes; with amendment (Rept. No. 1927). Referred to the Committee of the Whole House on the State of the Union.

(Submitted June 28, 1954)

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. JONAS of Illinois: Committee on the Judiciary. H. R. 7486. A bill to amend section 1071 of title 18, United States Code, relating to the concealing of persons from arrest, so as to increase the penalties therein provided; without amendment (Rept. No. 1928). Referred to the House Calendar.

Mr. TOLLEFSON: Committee on Merchant Marine and Fisheries. H. R. 9252. A bill to amend the Merchant Marine Act, 1936, to provide a national defense reserve of tankers and to promote the construction of new tankers, and for other purposes; with amendment (Rept. No. 1929). Referred to the Committee of the Whole House on the State of the Union.

Mr. WOLCOTT: Committee on Banking and Currency. H. R. 9144. A bill to amend section 24 of the Federal Reserve Act, as amended; without amendment (Rept. No. 1939). Referred to the Committee of the Whole House on the State of the Union.

Mr. WOLCOTT: Committee on Banking and Currency. H. R. 8783. A bill to provide for the conveyance of certain housing units owned by the United States to the Housing Authority of St. Louis County, Mo.; with amendment (Rept. No. 1940). Referred to the Committee of the Whole House on the State of the Union.

Mr. McCONNELL: Committee on Education and Labor. H. R. 9640. A bill to amend the Vocational Rehabilitation Act so as to promote and assist in the extension and improvement of vocational rehabilitation services, provide for a more effective use of available Federal funds, and otherwise improve the provisions of that act, and for other purposes; with amendment (Rept. No. 1941). Referred to the Committee on the Whole House on the State of the Union.

Mr. MILLER of Nebraska: Committee on Interior and Insular Affairs. H. R. 8549. A bill granting the consent of Congress to the Breaks Interstate Park compact; without amendment (Rept. No. 1942). Referred to the Committee of the Whole House on the State of the Union.

Mr. MILLER of Nebraska: Committee on Interior and Insular Affairs. H. R. 236. A bill to authorize the construction, operation, and maintenance by the Secretary of the Interior of the Fryingpan-Arkansas project, Colorado; with amendment (Rept. No. 1943). Referred to the Committee of the Whole House on the State of the Union.

Mr. MILLER of Nebraska: Committee on Interior and Insular Affairs. Senate Joint Resolution 165. Joint resolution to provide for construction by the Secretary of the Interior of the Glendo unit, Wyoming, Missouri River Basin project; without amendment (Rept. No. 1944). Referred to the Committee of the Whole House on the State of the Union.

Mr. WILSON of Indiana: Committee of Conference. H. R. 9517. A bill making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending June 30, 1955, and for other purposes (Rept. No. 1945). Ordered to be printed.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XXIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. GRAHAM: Committee on the Judiciary. H. R. 697. A bill for the relief of Demetrios Christos Mataragiotis, and Zoi Demetre Mataragiotis, his wife, and Christos Mataragiotis and Constantinos Mataragiotis, their minor sons; with amendment (Rept. No. 1930). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 803. A bill for the relief of Christakis Modinos; without amendment (Rept. No. 1931). Referred to the Committee of the Whole House.

Miss THOMPSON of Michigan: Committee on the Judiciary. H. R. 804. A bill for the relief of Enrichetta F. C. Meda-Novara; without amendment (Rept. No. 1932). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 949. A bill for the relief of Nouritza Terzian; without amendment (Rept. No. 1933). Referred to the Committee of the Whole House.

Miss THOMPSON of Michigan: Committee on the Judiciary. H. R. 977. A bill for the relief of Mrs. Aimee Dutour Rovzar; without amendment (Rept. No. 1934). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 1646. A bill for the relief of Arthur Neustadt and Mrs. Emma Neustadt; with amendment (Rept. No. 1935). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 1697. A bill for the relief of Kathe Bartke; with amendment (Rept. No.

1936). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 1360. A bill for the relief of Henning Von Royk-Lewinski; with amendment (Rept. No. 1937). Referred to the Committee of the Whole House.

Mr. HYDE: Committee on the Judiciary. H. R. 1463. A bill for the relief of Iona Elizabeth Carrier; with amendment Rept. No. 1938). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. OAKMAN:

H. R. 9695. A bill to amend the Federal-Aid Road Act approved July 11, 1916, as amended and supplemented, to provide that certain Federal appropriations for the construction, reconstruction, and improvement of highways be withheld from any State levying ton-mile, weight-distance, axle-mile, or other third structure highway use taxes on interstate commerce, in an amount equal to the amount which such State receives from such third structure use taxes; to the Committee on Public Works.

By Mr. SHELLEY:

H. R. 9696. A bill to provide that certain equipment to be installed in federally constructed or licensed hydroelectric or thermal electric power projects shall be manufactured in the United States, and for other purposes; to the Committee on Public Works.

By Mr. SHORT:

H. R. 9697. A bill to provide medical care for dependents of members of the Armed Forces of the United States, and for other purposes; to the Committee on Armed Services.

H. R. 9698. A bill to authorize the appointment of an assistant chaplain at the United States Military Academy and to fix the compensation of the chaplain and assistant chaplain thereof; to the Committee on Armed Services.

H. R. 9699. A bill to authorize the conveyance of tract No. 2 of the San Patricio gasoline storage project, San Juan, P. R., to the Commonwealth of Puerto Rico; to the Committee on Armed Services.

By Mr. SHEPPARD:

H. R. 9700. A bill to amend the Communications Act of 1934, as amended, with respect to its application to radio and television network organizations, and for other purposes; to the Committee on Interstate and Foreign Commerce.

H. R. 9701. A bill to amend the Communications Act of 1934, as amended, with respect to the rebroadcasting of radio and television programs; to the Committee on Interstate and Foreign Commerce.

By Mr. COUDERT:

H. R. 9702. A bill to amend the Internal Revenue Code to encourage the establishment of voluntary pension plans by individuals, to promote thrift, and to stimulate expansion of employment through investment; to the Committee on Ways and Means.

By Mr. EBERHARTER:

H. R. 9703. A bill to provide assistance to communities, industries, business enterprises, and individuals to facilitate adjustments made necessary by the trade policy of the United States; to the Committee on Ways and Means.

By Mr. FORRESTER:

H. R. 9704. A bill to amend the Railroad Retirement Act to provide that certain employees who terminate their railroad employment shall be entitled to refund of a portion of the railroad-retirement taxes which they have paid; to the Committee on Interstate and Foreign Commerce.

By Mr. GWINN:

H. R. 9705. A bill to amend the National Labor Relations Act providing trustees for welfare funds for workers; to the Committee on Education and Labor.

By Mr. HOPE:

H. R. 9706. A bill to provide that the Secretary of the Interior shall investigate and report to the Congress as to the advisability of establishing the Medicine Lodge Indian Peace Treaty site as a national monument and historic shrine; to the Committee on Interior and Insular Affairs.

By Mr. KLEIN:

H. R. 9707. A bill to provide for voluntary coverage under the Federal old-age and survivors insurance system in the case of physicians already having some coverage under such system by reason of military or naval service; to the Committee on Ways and Means.

By Mr. KNOX:

H. R. 9708. A bill to provide for replacement of certain strategic metals inventories liquidated during Korean war without affecting excess-profits credit; to the Committee on Ways and Means.

By Mr. REED of New York:

H. R. 9709. A bill to extend and improve the unemployment compensation program; to the Committee on Ways and Means.

By Mr. RHODES of Pennsylvania:

H. R. 9710. A bill to improve the civil-service system by providing for the retention and reassignment of any postmaster involuntarily separated to a position in the classified civil service of the United States; to the Committee on Post Office and Civil Service.

By Mr. SIKES:

H. R. 9711. A bill to authorize the construction of a tumbler dam in the Chipola River, Ala. and Fla.; to the Committee on Public Works.

By Mr. CURTIS of Massachusetts:

H. R. 9712. A bill granting the consent of Congress to certain New England States to enter into a compact relating to higher education in the New England States and establishing the New England Board of Higher Education; to the Committee on Education and Labor.

By Mr. FERNANDEZ:

H. R. 9713. A bill to authorize the Farm Credit Administration to make loans of the type formerly made by the Land Bank Commissioner; to the Committee on Agriculture.

By Mr. HAGEN of Minnesota:

H. R. 9714. A bill to amend the Civil Service Retirement Act of May 29, 1930, as amended, to provide a uniform rate for the computation of all annuities, and for other purposes; to the Committee on Post Office and Civil Service.

H. R. 9715. A bill to amend the Civil Service Retirement Act of May 29, 1930, as amended, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. KING of California:

H. R. 9716. A bill to protect the rights of vessels of the United States on the high seas and in territorial waters of foreign countries; to the Committee on Merchant Marine and Fisheries.

By Mr. SIMPSON of Pennsylvania:

H. R. 9717. A bill to amend section 120 of the Internal Revenue Code (relating to the unlimited deduction for charitable and other contributions); to the Committee on Ways and Means.

By Mr. PELLY:

H. J. Res. 551. Joint resolution to authorize the President to designate annually the third week in October as National Electrical Week; to the Committee on the Judiciary.

By Mr. BOWLER:

H. Res. 601. Resolution for the relief of Elinore Libonati, sister of Eliodor M. Libonati, late an employee of the House of Representatives; to the Committee on House Administration.

By Mr. JAVITS:

H. Res. 602. Resolution of inquiry to the Postmaster General regarding transmittal of hate propaganda through the mails; to the Committee on Post Office and Civil Service.

H. Res. 603. Resolution requesting the Committee on Post Office and Civil Service to investigate transmittal of hate propaganda through the mails; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BRAMBLETT:

H. R. 9718. A bill for the relief of Santos Hernandez Romero; to the Committee on the Judiciary.

By Mr. COUDERT:

H. R. 9719. A bill for the relief of Mrs. Elena Apostolescu Bustiuc; to the Committee on the Judiciary.

By Mr. DONOHUE:

H. R. 9720. A bill for the relief of Mrs. Elvira Bonvini Simoncelli; to the Committee on the Judiciary.

By Mr. FINO:

H. R. 9721. A bill for the relief of Dr. Fred-eric S. Schlegel; to the Committee on the Judiciary.

H. R. 9722. A bill for the relief of Mihal Indig; to the Committee on the Judiciary.

H. R. 9723. A bill for the relief of Mrs. Lisa Clair; to the Committee on the Judiciary.

By Mr. JOHNSON of California:

H. R. 9724. A bill for the relief of Alex Patterson; to the Committee on the Judiciary.

By Mr. KEOGH:

H. R. 9725. A bill for the relief of Vincenzo Clacio; to the Committee on the Judiciary.

By Mr. POWELL:

H. R. 9726. A bill for the relief of Hassan Ali; to the Committee on the Judiciary.

By Mr. SIMPSON of Illinois:

H. R. 9727. A bill for the relief of John B. Sutter; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1055. By Mr. CRUMPACKER: Petition of Ralph E. Windbigler and 100 other citizens of Elkhart, Ind., urging the enactment of legislation outlawing the Communist Party in the United States; to the Committee on the Judiciary.

1056. By Mr. FOGARTY: Petition of AMVETS, Department of Rhode Island, relative to resolutions passed at their Ninth Annual State Convention held at Providence, R. I., on June 4-5, 1954; to the Committee on Armed Services.

1057. By Mr. GOODWIN: Petition of Rev. Harold F. Pillsbury and others of the South Medford Baptist Church of Medford, Mass., urging passage of H. R. 1227; to the Committee on Interstate and Foreign Commerce.

1058. Also, petition of Rev. Steven M. Seminerio and others of Trinity Methodist Church of West Medford, Mass., favoring passage of H. R. 1227; to the Committee on Interstate and Foreign Commerce.

1059. By the SPEAKER: Petition of the stated clerk of the General Assembly, Cumberland Presbyterian Church Memphis, Tenn., urging Congress to take appropriate action to extend the distribution of surplus types of food and fiber above a normal carry-over and to make it possible for the voluntary agencies to distribute overseas as much of these surplus commodities as they can administer effectively; to the Committee on Agriculture.

1060. Also, petition of the secretary, Lithuanians of Worcester, Worcester, Mass., con-

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued June 30, 1954
For actions of June 29, 1954
83rd-2nd, No. 120

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HIGHLIGHTS: House received conference report on surplus commodities bill. House Rules Committee cleared farm program bill for debate today. House debated foreign aid bill and agreed to amendment requiring use of $\$1\frac{1}{2}$ billion for disposal of surplus commodities. House committees reported bills to extend unemployment compensation to Federal employees and to codify food-drug laws. House received conference reports on Labor-HEW and State, Justice, Commerce appropriation bills. Senate concurred in House amendment to trade agreements bill. Senate debated tax revision bill, and Sens. Douglas and Long discussed decrease in farm income. Rep. Budge introduced bill to require potato labeling and inspection. Rep. Herlong inserted Benson-Nixon radio discussion of farm program. President approved agricultural appropriation bill and bills to authorize 3/8 bushel basket and to continue housing program 1 mo. Sen. Aiken criticized charge that President promised 90% price supports.

HOUSE

1. SURPLUS COMMODITIES. Received the conference report on S. 2475, to authorize the President to use agricultural commodities to improve the foreign relations of the U. S. The conferees reduced from \$1,000,000,000 (House figure) to \$700,000,000 the amount under Title 1. The revised bill, as reported from conference, is printed in the Record (pp. 8673-5).
2. FARM PROGRAM. The Rules Committee reported a resolution providing for consideration of the farm program bill, H. R. 9680. The rule provides for 4 hours of general debate (before the bill is read for amendment under the 5-minute rule) and waives points of order. It is expected that debate on the bill will begin today following votes on the foreign aid bill and several conference reports on appropriation bills (pp. 8734, 8740, D755).
3. FOREIGN AID. Continued debate on H. R. 9678, to authorize a foreign aid program for the fiscal year 1955 (pp. 8676-740). Agreed to an amendment by Rep. Judd to require at least \$500 million of foreign aid funds to be used to finance the purchase and export of surplus agricultural commodities or products thereof and to require that foreign currency proceeds therefrom be used pursuant to the surplus-commodities bill, S. 2475 (pp. 8733-4). Rep. Cobley criticized

"operation reindeer" under which, he claimed, Christmas food packages were distributed in foreign countries (pp. 8729-30).

4. PERSONNEL. The Ways and Means Committee reported without amendment H. R. 9709, to extend and improve the unemployment compensation program, including its extension to Federal employees (H. Rept. 2001)(p. 8747).
5. LAW REVISION. The Judiciary Committee reported without amendment bills to revise, codify, and enact into positive law parts of the U. S. Code, as follows: H. R. 9728, title 21, "Food, Drugs, and Cosmetics" (including various provisions enforced by this Department regarding animals and poultry)(H. Rept. 1979); H. R. 9730, correction of obsolete references (H. Rept. 1981); and H. R. 9729, "Census" (H. Rept. 1980)(p. 8747).
6. DAIRY INDUSTRY. Rep. Johnson, Wis., commended the dairy products of Wis. (pp. 8670-1).
7. APPROPRIATIONS. Both Houses agreed to the conference report on H. R. 9517, the D. C. appropriation bill for 1955, and acted on amendments which had been reported in disagreement (pp. 8670, 8757). This bill will now be sent to the President.
Received the conference report on H. R. 9203, the legislative-judiciary appropriation bill for 1955 (p. 8742). House conferees had been appointed earlier in the day (pp. 8669-70).
Received the conference report on H. R. 9447, the Labor-HEW appropriation bill (pp. 8742-4). The conferees agreed to \$50,000 (instead of \$100,000 as provided by the Senate amendment), under Bureau of Labor Standards, for improving conditions of migratory labor. The statement of House conferees includes the following: "The managers on the part of the House and Senate are disturbed by the lack of central coordination of the increasing activities in this field by many executive agencies. The managers believe that the expenditures of the same amount of Federal funds would result in a more effective program if these activities were more closely coordinated, and strongly urge that the 1956 budget for the executive branch be prepared with a view to correcting this deficiency." (pp. 8742-4.)
Received the conference report on H. R. 8067, the State, Justice, Commerce appropriation bill for 1955. The conferees struck out the provisions for additional supergrades in the State and Commerce Departments and agreed to the Senate provision limiting the Commerce Department's funds for management studies. The provision for a census of agriculture was reported in disagreement. Also reported in disagreement was the provision to create an additional position as Assistant Secretary of Commerce in lieu of the present position as Administrative Assistant Secretary of Commerce. (pp. 8744-6.)

SENATE

8. TRADE AGREEMENTS. Concurred in the House amendment to a Senate amendment to H. R. 9474, to extend until June 12, 1955, the authority of the President to enter into reciprocal trade agreements (pp. 8764-5). This bill will now be sent to the President.
9. TAXATION. Continued debate on H. R. 8300, the general tax revision bill (pp. 8761, 8774-96). Sens. Douglas and Long discussed the decrease in farm income (pp. 8780, 8783).
10. PRICE SUPPORTS. Sen. Aiken criticized the charge that the President promised 90% price supports during the 1952 campaign, and claimed that the President's speech at Kasson, Minn., was "doctored by deleting words and sentences until

ished by the people of the United States of America."

And the House agree to the same.

That the Senate recede from its disagreement to the amendment of the House to the title of the bill, and agree to the same with an amendment as follows: Amend the title so as to read: "An Act to increase the consumption of United States agricultural commodities in foreign countries, to improve the foreign relations of the United States, and for other purposes."

And the House agree to the same.

CLIFFORD R. HOPE,
AUG. H. ANDRESEN,
WILLIAM S. HILL,
HAROLD D. COOLEY,
W. R. POAGE,

Managers on the Part of the House.

GEORGE AIKEN,
MILTON R. YOUNG,
EDWARD J. THYE,
BOURKE B. HICKENLOOPER,
ANDREW F. SCHOEFFEL,
ALLEN J. ELLENDER,
OLIN D. JOHNSTON,
SPESSARD L. HOLLAND,
CLINTON P. ANDERSON,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2475) to authorize the President to use agricultural commodities to improve the foreign relations of the United States, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of the amendments.

EXPLANATION OF CHANGES

The House amendment struck out all after the enacting clause of the Senate bill and inserted new language therefor. The Senate disagreed to the House amendment in toto, without specific instructions to its conferees, and the conference report agreed to by the conferees and submitted herewith is basically the amendment as approved by the House with such changes as were agreed upon in conference.

Except for minor and clarifying amendments the following is an explanation of the differences between the House amendment and the amendment agreed to by the conferees.

Section 101 (a): The committee of conference has added to this subsection the words "and to assure that sales under this Act will not unduly disrupt world prices of agricultural commodities". This language is substantially similar to that in the bill as reported by the House Agriculture Committee and is meant to reassure friendly nations that there is no intention on the part of the United States of undertaking a surplus dumping program.

Section 102 (a): The conferees struck out of the first sentence the House language "direction of the President" and substituted "regulations issued by the President pursuant to subsection (b) of this section". The purpose of this change was to make this subsection consistent with the terminology of subsection (b). The committee of conference further amended this section by reinstating, with the exception noted above, the language of the bill substantially as reported by the House Agriculture Committee.

Section 103 (b): The committee of conference struck out "\$1,000,000,000" and substituted "\$700,000,000". This will have the effect of limiting operations under title I to a total of not to exceed \$700,000,000 for the 3 years ending June 30, 1957.

Section 104: The committee of conference amended this section by deleting the reference to section 2, the policy statement of

the act. This has the effect of limiting the use of the foreign currencies acquired pursuant to the act to those purposes set out in section 104.

Section 104 (b): Language was added by the conference committee making it clear that in purchasing or contracting to purchase strategic materials pursuant to the provisions of this subsection for a supplemental stockpile the President is not limited to those strategic materials which may have heretofore been purchased, but may acquire new or additional materials.

Subsections 104 (d), (e), and (f): No change is made in the language of these subsections but their intent is modified by language which has been added in the first proviso of section 104 making it clear that foreign currency used for grants under subsections (d) and (e) and to pay United States obligations involved in grants under (f) shall be subject to the provisions of section 1415 of the Supplemental Appropriation Act, 1953, unless waived by the President.

These provisos in section 104 spell out the situation in which Government agencies and departments must, in the absence of a Presidential determination to the contrary, pay dollars to the Treasury as a prerequisite to expending foreign currency proceeds of sales made under this act. Section 105 (in which the conference committee made no change) requires that any dollars thus disbursed to the Treasury by Government agencies and departments out of appropriated funds, as a prerequisite to their use of foreign currency sales proceeds, shall be used as part of the total reimbursement to the Commodity Credit Corporation.

Section 106: A change made in this section will permit the Secretary of Agriculture to determine in advance that an agricultural commodity may be in surplus.

Section 108: Language added by the conferees will require that reports submitted to the Congress shall include the dollar value of the foreign currency for which commodities are sold.

Section 202: A proviso added by the conference committee requires that the President take reasonable precautions that commodities transferred pursuant to this section will not displace or interfere with sales that might otherwise be made.

Section 203: This section was eliminated from the amendment adopted by the House.

Section 301: The committee of conference adopted language changes recommended by the Department of Agriculture to place on the Secretary of Agriculture the responsibility for establishing terms and conditions for surplus disposal under section 407 of the Agricultural Act of 1949, as amended by this section, and to make the authority for supervising distribution of such commodities consistent with the authority contained in section 416 of the 1949 act and other legislation. The language change also makes it possible to include processed foods (such as cheddar cheese or nonfat dry-milk solids) as well as agricultural commodities.

Section 302: The committee of conference has approved language changes which will broaden the authority to barter surplus commodities for strategic or other materials not produced in adequate quantities in the United States, limiting provisions 3 and 4 of the section to food commodities, eliminating State or Federal penal and corrective institutions as eligible recipients of donated commodities, and changing the language of the sentence relating to assurances that donated food will not diminish normal expenditures for food so that it can be more effectively administered. The new language also eliminates publicly owned hospitals as eligible recipients and substituted the words "charitable institutions, including hospitals, to the extent that needy persons are served". The committee understands that this language and other authority in the section will

make possible donation of surplus foods to eleemosynary institutions such as State mental hospitals, etc.

Section 303 of the House amendment was eliminated. This would have amended the "section 32" authority to permit distribution of surplus commodities under that authority to State penal and corrective institutions and the change is made in order to keep this law consistent with the basic authority under section 416 of the Agricultural Act of 1949, as amended by section 302 of this bill.

Section 304 is amended by the adoption of language proposed by the Department of Agriculture which will substantially broaden the barter directive given to the Secretary of Agriculture to include not only strategic materials but also materials, goods, or equipment required in connection with foreign assistance programs and materials or equipment required for offshore construction programs.

Section 305: As approved by the committee of conference the new language of this section is intended to carry out the objectives of section 305 of the House amendment without imposing on the President the virtually impossible administrative responsibility of making a detailed investigation and determination before authorizing the transfer or sale of any surplus agricultural commodity to any nation. The requirement of section 305 (2) as approved by the committee of conference, that the President "assure" that sales of agricultural commodities under this act do not result in increased exports of the same or like commodities to unfriendly nations, is consistent with the same type of requirement of section 102 (d) and means that the President shall obtain assurance from foreign governments that they do not intend, as a result of a purchase under this act, to resell an equivalent quantity of the same or similar commodity to the Soviet bloc.

CLIFFORD R. HOPE,
AUG. H. ANDRESEN,
WILLIAM S. HILL,
HAROLD D. COOLEY,
W. R. POAGE,

Managers on the Part of the House.

PERMISSION TO SIT DURING GENERAL DEBATE TOMORROW

Mr. DONDERO. Mr. Speaker, I ask unanimous consent that the Committee on Public Works may sit during general debate in the House tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

JAKE ALEXANDER—VETO MESSAGE (H. DOC. NO. 457)

The SPEAKER laid before the House the following veto message from the President of the United States, which was read by the Clerk:

To the House of Representatives:

I return herewith without my approval, H. R. 1128 entitled "An act authorizing the Secretary of the Interior to issue to Jake Alexander a patent in fee to certain lands in the State of Alabama."

This private bill authorizes and directs the Secretary of the Interior to convey without consideration to Jake Alexander 160 acres of unappropriated public lands withdrawn from entry as part of the William B. Bankhead National Forest, Ala.

I feel that this special legislation is unnecessary because cases of this kind can and should be taken care of under existing law. Public Law 159, 83d Congress, broadened the Color of Title Act of December 22, 1928, specifically to cover claims similar to the one involved in H. R. 1128.

A basic requirement of the Color of Title Act is payment to the United States of the appraised value of lands patented thereunder. In this respect I feel that H. R. 1128 would discriminate against the interest of the United States, as well as other color-of-title claimants, by exempting this particular claimant from payment of any consideration.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, June 29, 1954.

The SPEAKER. The objections of the President will be spread at large upon the Journal.

Without objection the bill and the message will be referred to the Committee on Interior and Insular Affairs.

There was no objection.

MUTUAL SECURITY ACT OF 1954

Mr. VORYS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H. R. 9678) to promote the security and foreign policy of the United States by furnishing assistance to friendly nations, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H. R. 9678, with Mr. Brown of Ohio in the chair.

The Clerk read the title of the bill.

Mr. RICHARDS. Mr. Chairman, I yield the balance of the time on this side to our distinguished minority leader, the gentleman from Texas [Mr. RAYBURN].

Mr. RAYBURN. Mr. Chairman, I am supporting this bill. I am not supporting it grudgingly; I am supporting it wholeheartedly.

I supported this program during former administrations. A change of administration does not change my principles.

I have been for a bipartisan foreign policy all along, and I am for a bipartisan policy in domestic affairs also, as long as that can be maintained and the minority maintain its principles. We who are in the minority, however, and are trying to be a loyal opposition, who are seeking to help those in authority perform their functions and make our country strong and keep it great, are put to a terrible strain at times. Some people high in this administration nearly every week are making statements about former administrations that really make the blood of some of us boil. Inane speeches and untrue things are being said when we, upon every matter of foreign policy that has been brought forward, have been going along, I think, with more unanimity than the majority party, and I do not say that in criticism. But I trust that in the future, especially when bills like this are coming before

the House the following day, such leaders in the Republican Party as the Vice President of the United States may be a little more careful about the statements they make than was the Vice President of the United States on last Saturday night. I deeply regret it, because I want a united country to face that danger that I know this world faces today. If the people in this great democracy do not stand together, if we cannot agree to go in the same direction, then not only our country but this sad world will be in a mighty, mighty bad plight.

I want us to have friends in this world. I heard a great man stand in this place one time and say that the people of the United States were the most peaceable people in the world, but when aroused they were the most warlike; they would go to war nearer 100 percent than any other peoples upon the face of the earth and, if called upon, they were willing to meet a world in arms. I think they would be willing to do that now, but I hope and pray that we do not have to meet the world or any great sector of this world in arms alone. If we had not already done some things under the leadership of prior administrations, and the Secretaries of State, that have been so violently and unjustly criticized, we would probably be standing alone in the world today.

I supported the Marshall plan as did many, and a vast majority on both sides of the aisle. I am always glad when I can say a thing like that. They said at the time, "Why should we spend our money to help rehabilitate war-torn Europe?" Well, you know, France and Italy stood shattered, broken, at the end of World War II. Take a man in France, with her transportation destroyed, with her factories in ashes, sitting under what was his vine and fig tree, with hands willing to work to make a living for himself and those dependent upon him but with no work for his hands to do. That country had to be rehabilitated, because when the man whose hands are willing to work to support himself and those dependent upon him cannot do that under the government he has, he will vote for any change, because he cannot make it worse than to starve and freeze to death. If it had not been for the operation of these plans and this money that we expended, I regret to say, but in honesty I must say, that many of these countries would today be in the bosom of communism. Then they would not have been our allies in any sense of the word, in peace or in war. I am not going to criticize any of these friendly nations today, as I heard some of them criticized yesterday, to my deep regret. Take our great ally, who has been our ally since 1778, France. There is a country which has tried to maintain itself as a democracy. They have tried to be our friend. They want to be our friend today. But the people of the United States who talk lightly about France and Italy have never known what it means to have their country riven and torn and destroyed by the earthquake shocks of war. If we had had that condition in this country, we probably would look upon these matters in a somewhat different fashion.

Ah, my friends, I was here during World War I, when we went to war 100 percent, when we were willing to join the other countries of the world in preserving democracy. Then I saw us draw back into the shadows of isolationism. I saw a great President bring back a character of peace to this country and it was spurned. That great scholar-statesman cried out at that time, "If this greatest of all democracies in the world does not join with other peace-loving peoples in the world to bring about a league of peace, this world will be shocked and torn by another and more devastating war in a quarter of a century." We did not join. At that time many people thought we could wrap two oceans around us and be safe and secure from attack from anywhere. But that war did come.

The President of the United States recommended money for defense and I stood in this well, as majority leader, in 1938, in 1939, in 1940, and even up until the fall of 1941, after I had taken the chair that my honorable friend from Massachusetts [Mr. MARTIN] occupies now, and pleaded for strength, saying that we would be drawn into this war, that it would cost us many billions more than it would have cost at that time to make ourselves strong, and that we would sacrifice the lives of untold numbers of American boys and girls; but our pleas were not heeded.

We were drawn into the war and it cost us in less than 5 years more than 400 billions of dollars to come out of that war victorious.

Do we want allies? We do and we must have them. And after they have been torn and broken by war and its devastation, they must have help from somewhere. I am willing to give it to them as I was before World War II. I am willing to spend some billions to help our allies and the other democracies of the world to be strong and stay strong.

I thought the Marshall plan money and I think this aid money is the best defense money that the United States of America has ever spent or can spend. It is not a question of helping somebody. It is not a question of a handout to somebody. It is a question of appropriating this money to some of these countries that are poor and cannot do it for themselves, to help them to get on their feet economically so that they can spend some money to keep themselves free, to help us and to help themselves remain free.

These are just a few thoughts that I wanted to leave with you before we begin reading this bill for amendment.

If this bill is amended with amendments that will tear and rend it, and not leave in it enough power or enough money to operate and carry out the purposes, then we might as well not perform this act or make this gesture.

I think I know, as many others in my presence know, the serious situation that faces us and all of the other democracies of the world. This earth of yours and mine is tinder. A match struck or a gun fired, one, in some part of the earth may bring a holocaust.

You know, when the ingenuity of man, the mind of man, which has the spark

within it, starts out to make agencies of construction, and many great scientists and inventors have made for us and the world great agencies of construction, when that same mind, that same ingenuity, starts out to make an agency of destruction, it is just as efficient as it is when it starts out to make an agency of construction.

That is what we have done in this world. We have agencies of destruction that, if insane people turn them loose on the face of this earth, I fear may make that Biblical prediction come true, and this earth may be destroyed as if by fire. This civilization will cease, after 20 centuries of Christianization and civilization and following the example of the lowly Man of Galilee, who walked these shores 20 centuries ago and preached peace and good will. I fear, my countrymen, that when that war would be over there would be nobody left to build another civilization. I fear it.

I plead with you, therefore, to do the thing here today to preserve, protect, defend, and perpetuate not only this, the greatest democracy that ever existed in all the tide of time, but the other democracies of this unhappy, this distraught, and this dangerous world.

Mr. VORYS. Mr. Chairman, I am glad to yield the remaining 15 minutes of general debate on this measure to our able, distinguished and beloved Speaker, the gentleman from Massachusetts, Hon. JOSEPH W. MARTIN, JR.

Mr. MARTIN of Massachusetts. Mr. Chairman, it is a great privilege to speak here this afternoon following my dear friend, that great patriot, the gentleman from Texas and former Speaker of the House, Mr. RAYBURN. He has told you with eloquence and with facts what grave problems face us today. I repeat, as he has said, there should be no partisanship involved in the legislation we are considering today. It involves the future safety of our country, and the world. In this crucial hour we must subordinate politics and personal prejudices for the larger objective—the security of our country.

I repeat, this bill comes before us in a critical period. The permanent peace for which we fought and sacrificed so much blood and so much treasure is still remote. We are facing dangers much greater than confronted us in two world wars.

A nation to which we have given so much assistance in the past now aspires to force its ideology of communism upon us and the whole world. Its deadly Red poison is spread through stealth, subversion, and infiltration. Where these methods do not work there is no hesitancy to resort to force.

The Soviet has demonstrated to the world that its pledged word is valueless. The record shows its promises are made only to be broken. The Kremlin talks of peace and at the same time seeks to destroy nations one by one.

How long shall we remain blinded?

The crisis is here. It is here now. This is the compelling reason why there must be no halt in uniting the free world in the struggle for liberty. Our safety

depends entirely upon our strength. That is why we must spend billions for armament both at home and abroad. That is why it is absolutely necessary that we give our friends in Asia and Europe the materials to aid them in this fight for freedom. There is no other alternative unless we are to stand alone, which, of course, is unthinkable.

The greater part of the money provided in this bill will go for military aid. The economic assistance is smaller in amount but is still important. Economic aid is a most important factor in this struggle for freedom as we work to improve living standards and thereby make Communist promises less attractive.

Hungry people are more likely to accept the lying propaganda of the Soviets. To the starving, any change can be made to appear desirable.

These people do not stop to think that communism means slavery, that communism means the loss of all freedom and opportunity.

To aid in the banishment of starvation and misery is not merely a humanitarian obligation but an essential factor in this battle against communism.

I would be less than frank if I did not say we have been bitterly disappointed in some of the nations we have tried to help. Lack of appreciation is a human trait not unknown to men and women in public life. Most of us know the story of the constituent often the beneficiary of favors, who was campaigning against his erstwhile friend. The many favors of the past were recalled to him, and to justify his action the constituent simply said: "What has he done for me lately?" Some of our friends out in the world are probably saying today: "What have they done for us lately?"

We in political life, because of a few unhappy experiences, do not stop working for our constituents. We know that most of them are grateful.

The same situation exists in the international field. We do have friends, true friends, real friends, who are unafraid and upon whom we can count to stand with us in resistance against Communist aggression and tyranny to the end. These real friends must not be let down. They are essential if communism is to be stopped.

Most of the money in this bill will go to such peoples as South Korea, the Chinese Nationalists on Formosa, Pakistan, Thailand, Japan, Turkey, Greece, Spain, Israel, Yugoslavia, and Western Germany.

These people are not going to run up the white flag. They prize their freedom too highly, and, if necessary, they will fight for that freedom. It would be a great and unthinkable tragedy if we left them to stand alone. I know we will not. We are going to give them the hardware needed for their defense.

Aiding these people as we are doing in this bill greatly enhances the possibility for the honorable peace we all seek.

Real peace can come to Asia only if there is a strong free world. Strength is the only thing communism respects. It is the only thing that will stop the Reds from their goal of world domination. Real peace will never come through

appeasement. We tried that before. What is true in Asia is also true in Europe. There can be no retreat while the Red flag of danger still flies.

There is one item in the bill over which some may have concern, and that is understandable. This item is aid to India. We have helped India a great deal, and we have had disappointments because this great Asiatic country did not appear to us fully cognizant of the realities of the situation.

Facing the Communist boundaries, the people of India naturally entertain some fears, and they want peace. They hoped, as indeed we did, for too long a period that we could live at peace with the Communists. Lately they appear to be entertaining some doubts. They now show interest in keeping the Asiatic countries free from Soviet domination. We must not throw away the chance of keeping India neutral and eventually lining up with the nations which must be thoroughly organized if Asia is to remain free.

Here is what may well be called a calculated risk. It is worth trying. After all, a leader may err, but there are millions of Indians who are strongly anti-Communist; and if we can help them improve their condition of life through our aid, the anti-Communist forces will multiply. It would, in my judgment, be a mistake to eliminate them from all aid at this time.

We have in Europe, as we do in Asia, dependable allies. These nations have ratified the EDC. We must insist upon the completion of this essential defense program, or else we must at once make alternative plans. The hour is already late—we have been too patient.

Timidity cannot hold us back from making it possible for West Germany to defend itself from any Communist attack. We have delayed too long already in giving full independence to West Germany.

Timidity must not hold us back from aiding other countries which seek to keep the lights of freedom burning. Pressing ahead boldly is the need of this critical hour. It is the only way we can win. Of course, there are risks; there is risk in anything that you might do; there is risk if you do not do anything. The best chance of avoiding war is to push boldly ahead. That will make it possible to have this great strong world.

There is considerable flexibility in this bill as to the use of money for Asia because of the chaotic situation in Indochina. The use of the money in Asia is left to the discretion of President Eisenhower. This is the course of wisdom. The funds should be spent where they can be most helpful in the battle to contain communism. We know we can trust President Eisenhower, charged as he is with the responsibility of our foreign affairs, to do this.

President Eisenhower knows the great dangers confronting the free world. He will direct the use of the funds judiciously, thereby guaranteeing us the maximum of defense.

Petty prejudices and petty politics are not for this critical hour. The future

safety of our own Nation—yes; the fate of the whole free world—is at stake. Facing such a crisis, we must not falter. We must go forward with full trust in the divinity which shapes the destiny of man.

Let us pass this bill substantially as it came out of the committee. The committee has worked diligently on this bill for many months and its members have thoroughly studied the grave problems confronting our country in the international field.

Let us show conclusively to the world that we are not welching in the fight to stop communism. A strong, unafraid, free world cannot be defeated.

One final word. The passage of this authorization bill is not the final word. World-shaking events may well happen in the next few weeks. If we defeat or badly amend this bill, we are helpless to take advantage of future happenings. The wise course is to pass this bill with the full amounts recommended, and then we can take full advantage of what the immediate future brings forth.

I am very happy to be able to say these few words. I say them only because I believe it is a solemn obligation that I owe to the House and to our country.

We are all Americans. We have but one objective, and that objective is to bring the greatest security that is possible to America in this grave, critical hour. So I gladly support the bill and hope the House in its wisdom will sustain its reputation of the past and say that here we go forward unafraid.

Mr. WOLVERTON. Mr. Chairman, the bill now under consideration, H. R. 9678, purports to promote the security and foreign policy of the United States by authorizing assistance to friendly nations, in the amount of \$3,470,000,000.

There is no doubt that with the unsettled condition that exists throughout the world today, it is imperative that everything within reason should be adopted to make certain our national security.

It has been our policy to spend money in a lavish manner, during and since World War II, in an effort to strengthen our allies and gain their good will. The amount we have already expended has been of such huge proportions that it behooves us to give careful study and consideration as to what has been accomplished, whether the results justify a continuation of the policy indefinitely, and the effect on our own financial structure and welfare.

It is most appropriate, therefore, at this time to take account first of the tremendous sum that has already been extended. I am inclined to believe that the average citizen is not aware that during the World War II period, from fiscal year 1941 through 1945, inclusive, that we gave to foreign countries and their people a total of \$59,869,639,312 of our money. This was money borrowed from our taxpayers as well as from taxes paid by them. The same is true of all the moneys I will hereafter mention. It is well to keep this fact in mind at all times.

After the close of World War II, during the fiscal years from 1946 through 1947, 1948, 1949, 1950, 1951, 1952, and 1953 we have appropriated and sent to foreign countries and their peoples a total of

\$55,207,451,624. Since fiscal year 1954 started and up to May 15, we have given to others in the form of foreign aid, \$4,-224,906,564. This makes a grand total spent for foreign aid of \$119,301,997,500. These are Treasury figures and therefore accurate and true.

We have also given, in addition to that I have mentioned, aid to other countries through the World Bank and the Monetary Fund the sum of \$3,385,000,000.

And, in addition to the above-mentioned amounts it is also well to realize that there have been interest charges to pay. Since July 1940, we have paid interest on the money we have borrowed to finance our foreign assistance program the sum of \$18,606,524,210.57 up until May 15, 1954.

When we add all these figures together we find that the principal and interest total the stupendous sum of \$141,293,-521,710, since July 1, 1940.

How long, and how much more, we will be expected to spend seems to have no immediate answer.

At first our expenditures were made to carry on World War II. This in itself was a staggering amount. Since World War II, in addition to the tremendous sums spent in the conduct of the Korean war, we have given immense sums, as I have shown, to each of our European allies to rehabilitate the destruction their industries and living conditions suffered as a result of the war. Today, these countries have been restored and their industries have reached a degree of production that far exceeds that of prewar years. All of this naturally raises the question—how much longer should we continue to give aid? We are all conscious of the innumerable ways the welfare of our own people could be improved by the expenditure in our own land of the funds we now send abroad to every corner of the world. While we as a people are always ready to answer the call for help, yet, when there is evidence that it is not appreciated by those to whom we give, and they show a disposition to question our good intent and purpose, is it not time to begin to think in terms of a reappraisal to determine how worthwhile is a continuation of our policy, or, is it necessary?

Today, we do not hear the need for rehabilitation advanced as a reason for our assistance as we once did. We now hear that it is necessary for us to assist in the building of a military bulwark against possible Communist aggression. We have given unstintingly of our weapons of war, and, billions of dollars to enable countries, not only in Europe, but all over the world to strengthen their military forces to fight off Communist aggression. And, yet, many of the nations whom we have assisted in this manner are continually seeking trade relations with Soviet Russia, and, in some instances, have secretly supplied it with strategic materials that could be helpful to it in time of war. Furthermore, notwithstanding our willingness to be helpful in this respect, and, in addition thereto, keep our boys on duty in Europe and in the far corners of the world to create a nucleus of an army to defend against aggression, yet, the very nations

for whom we make the sacrifices are loath to build up or maintain defense armies of their own of sufficient strength.

During a recent trip around the world I was astounded to learn that in many of the countries, where we grant assistance, there was a feeling of wonder why we did it. It seemed at times as if they considered us as forcing our assistance upon them. And, as I have already said our motives of good will are too often misunderstood and even cause a feeling of resentment.

Every day there is some new evidence of unfriendliness exhibited toward us. Only a few days ago our flag was burned in a South American country by a mob, and an effigy of President Eisenhower likewise burned. Certainly there was no reason for this show of unfriendliness. Then, why is it, notwithstanding, our desire to promote peace and good will that there is abroad throughout the world this spirit of distrust toward us?

What course should we as a Nation pursue? This is no easy question to answer. There is so much information that has a bearing upon the condition of world affairs that the average person, including Members of Congress, do not have, that one feels at times as if groping in the dark. You have the desire to do the right thing. Your inclination might properly be to shut off all outside aid, and, tell the nations, supposed to be our allies, and, yet who show a desire to do business with Communist Russia, to go ahead and take care of themselves and we will do likewise, but, this in the long run may only be making trouble for our own people. However, there are times when I feel that much of what we now give away to countries all over the world could best be spent in building up our own security and that of the other nations of North, South, and Central America and make ourselves and other nations in this Western Hemisphere impregnable from foreign attack. But, even this may not give us the security we seek in this age of atom bombs, hydrogen bombs, and nuclear weapons of war that can be carried anywhere and everywhere at the speed of 600 miles per hour, and, wreck whole cities and their inhabitants with a single bomb.

The problem of deciding what our foreign policy should be in the matter of financial assistance becomes more involved it seems with each succeeding day. No sooner was there a cease fire in Korea than Communist aggression broke out in Indochina. As a consequence France calls upon us for additional aid to assist in carrying on its war in that country. This, notwithstanding the fact that we have already advanced many millions of dollars to this cause. When will there be a stop to calling upon us for aid every time a nation runs into trouble, even though it is its own fault as the case of France? It would seem as if Uncle Sam is the only one to whom they can go for help. Are our resources such that we can continually respond to these repeated calls without seriously endangering our own financial structure, or, at least seriously curtailing the welfare of our own people?

It is time to give the serious and careful consideration that the problem demands, especially in view of the fact that we do not seem to be building up good will or stemming the tide of aggression and war that accompanies it, by the policy we have been pursuing. The nations to whom we have given the most help seem at times to be the least dependable. France and Italy are weak in their allegiance to the cause for which we have contributed so much, and only within recent days we have been shocked by a suggestion of the Foreign Minister of Great Britain that we become footsie-tootsie with the Communists in southeastern Asia. All of this cannot help but make any thoughtful person stop and ask, Is it not time to review and reassess our give-away policy and make certain it is wise and expedient?

The situation that confronts us is most difficult. It is not easy to find a solution. We are told by our leaders who are grappling with the problem that it is necessary to continue our policy of aid. That if we fail to do so it will mean collapse of the whole structure that has been built up to sustain us and make strong our security. Of course, no one would want to bring on a calamity by a change in policy, yet how can we be sure that such would be the result or that if we do not continue our present policy that it might result in an even worse condition than now exists or that has been predicted.

The task of making a correct decision is made more difficult for the average citizen, including Members of Congress, because the information as to the real situation that exists in each of the nations of the world is not available to all. So much of it is of a secret character that it naturally only comes to those who are high in the policymaking departments of Government and, by its very nature, must be kept secret. Thus, it is necessary to accept in large measure the viewpoint of those who are supposed to know the real facts. In this connection, I have confidence in the judgment and integrity of President Eisenhower. He has been a great military leader. He has more special knowledge of conditions abroad, and for a longer time, than any other person in our Government. He is honest. He is sincere. He is patriotic. He seeks to establish peace and avoid war. And, above and beyond all else, he has a firm belief in God Almighty. I have confidence in his leadership, his counsel, and his advice.

The CHAIRMAN. All time has expired. The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That this act may be cited as the "Mutual Security Act of 1954."

TITLE I—MUTUAL DEFENSE ASSISTANCE

CHAPTER 1. MILITARY ASSISTANCE

SEC. 101. Purpose of chapter: The Congress of the United States reaffirms the policy of the United States to achieve international peace and security through the United Nations so that armed force shall not be used except in the common defense. The Congress hereby finds that the efforts of the United States and other nations to promote peace and security require additional meas-

ures of support based upon the principle of continuous and effective self-help and mutual aid. It is the purpose of this chapter to authorize measures in the common defense, including the furnishing of military assistance to friendly nations and international organizations in order to promote the foreign policy, security, and general welfare of the United States and to facilitate the effective participation of such nations in arrangements for individual and collective self-defense. In furnishing such military assistance, it remains the policy of the United States to continue to exert maximum efforts to achieve universal control of weapons of mass destruction and universal regulation and reduction of armaments, including armed forces, under adequate safeguards to protect complying nations against violation and evasion.

The Congress reaffirms its previous expressions favoring the creation by the free peoples of the Far East and the Pacific of a joint organization, consistent with the Charter of the United Nations, to establish a program of self-help and mutual cooperation designed to develop their economic and social well-being, to safeguard basic rights and liberties and to protect their security and independence.

Mr. CHIPERFIELD. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, before we consider amendments under the 5-minute rule, I would like to again call attention to some of the provisions of this bill.

The bill that the House is considering today is the culmination of almost 3 months of intensive study by the Foreign Affairs Committee. Whatever judgment Members may have on the measure, none can say we acted with undue haste.

This is as it should be if we are to discharge our responsibilities as legislators. This is a long bill—82 pages to be exact. When it first came to our committee, it was 95 pages—and then not complete. That in itself is evidence that the committee worked its will on the bill before reporting it to this body.

I could not have discharged my responsibilities as chairman of the committee had I not had the full cooperation of members of the committee. I want to record again my gratitude to my colleagues—Republicans and Democrats alike—who worked through long sessions to hear the testimony and to deliberate on the measure that is now before this body.

The amount we are asking the House to authorize an appropriation for is \$3,440,208,000 which is slightly less than that requested by the Executive. Eighty-six percent of this sum is for military assistance in the form of military equipment and those other elements that go to make up a fighting force. We are equipping these forces, not as an act of gratitude, but as a means of adding their strength to ours.

Before President Eisenhower became President, he was the commander of the North Atlantic Treaty forces in Europe. He laid the groundwork for much of this program when he was a soldier. He believed in it then. He believes in it now. In his message to the Congress only the other day, he stated that "our mutual security program is based upon the sound premise that there can be no safety for any of us except in coopera-

tive efforts to build and sustain the strength of all free peoples."

The remaining 14 percent—about a half billion dollars—is to carry out programs of a nonmilitary character. They cover many diverse activities; but all of them add up to buttressing the free world against the encroachment of communism. The reasons for this type of assistance are spelled out in the report I filed with the House. In that report is this observation:

It is necessary to recognize that many of these countries—

That is, those receiving nonmilitary assistance under this program—

if left to themselves would be the victims of Soviet subversion although they are not pro-Communist and although foreign domination is feared by them more than anything else.

This bill reflects the changing world scene in another way. Two years ago 73 percent of our foreign aid went to Europe and 14 percent to the Far East. In this bill only 27 percent is earmarked for Europe while 50 percent is for the Far East.

Each of us is often asked: How much longer is this going to continue? None of us is wise enough to answer that one. But, let me show the trend as embodied in this bill. This bill carries an amount 42 percent below that of 2 years ago. More significant, we have written in provisions that require that at least 10 percent of the money for military assistance and development assistance—and that's the "big money" part of the bill—must be in the form of loans. In the case of development assistance 50 percent must be on a loan basis.

Along the same line of cutting down on "free money" is a section called reimbursable aid. It is often forgotten that large quantities of military material are sold—not given away—by us. To date almost \$700 million has been sold to our friends overseas.

It is my firm conviction that we must step up our programs that make possible loans and sales rather than mere grants.

Another feature that I find appealing because of my people back home is that dealing with surplus agricultural commodities. We do not want to disrupt our normal trade channels. On the other hand, we ought to convert that resource to serve this program. This bill requires that \$500 million of the funds voted in this bill must be used to purchase surplus agricultural commodities. Many of the countries now receiving our aid are also consumers of our farm products. The local currency we get in return for our surpluses can go a long way toward helping other nations improve their military position.

These are some of the unique provisions included in this bill. I want the House to know about them because they represent a definite departure from the past. In the report I laid before the House Members all these matters are fully discussed.

Once we reached agreement on the substance of this bill, we turned our attention to the administration of this program. We cut out all the frills we

could find. May I direct the Members' attention to page 4 of the report to which I have already referred. Our basic objective is laid down in these words:

The original foreign-aid programs were designed to meet a postwar emergency. The conditions which the original legislation was designed to deal with have changed substantially. There is a danger that the bureaucratic process perpetuates programs and operations previously begun which would not be started if the operation was just being initiated. This bill repeals all of the previous foreign-aid legislation and makes provision only for operations which are essential to present-day United States foreign policy.

Mr. MORANO. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, the Mutual Security Act of 1954 is a test of leadership. The question posed by this legislation, which is being watched by the entire world, is whether or not the United States is great enough, strong enough, and courageous enough, to stand firm in its course for peace and security where others may seem to weaken. Shall we be weak where others are weak? Shall we waver because others waver? Shall we flinch because others do? These are questions which were answered by our forefathers many times during the course of the history of this Nation. But if our forefathers had weakened, if they had wavered, if they had flinched, there would be no America today. If we were to follow the course the doubters would have us pursue, we would abandon our leadership and cast aside this great moment of challenge.

At the very time the men in the Kremlin would choose to divide us from our allies, at the very moment that the free world is frightened as never before, at that moment, I say, is our American way being tested. If America stands fast now at this very moment of crisis, we will be dealing communism a major setback.

I know there has been much criticism of India, and I want to assure my colleagues that I share their concern over that country. India looks in one direction and then she looks in another, like a lost child, in almost a state of confusion, but India is an independent country and democratic institutions flourish in that country. Shall we abandon her now when she needs our help most? So, too, we must bolster our weakening allies; we must demonstrate to them that they can rely on us and that our promises and our policy have meaning for them as well as for us.

Finally, I wish to point out that leadership does not cower in the face of conflicts. We have conflicts and differences in our own Nation. We have conflicts and differences in this very House. Does this mean that we should suspend the Congress of the United States? No, we resolve those conflicts and those differences without imposing the will, one upon the other, and out of this process comes the great action of this great deliberative body. Let us do the same thing in our international affairs. Let us assume our leadership and let us not abandon it. The peace and security of the United States and of those who

yearn for peace and security as we do demand this of us.

(Messrs. CHIPERFIELD and MORANO asked and were given permission to revise and extend their remarks.)

Mr. SMITH of Wisconsin. Mr. Chairman, I move to strike out the last three words.

(Mr. SMITH of Wisconsin asked and was given permission to revise and extend his remarks.)

Mr. SMITH of Wisconsin. Mr. Chairman, the distinguished gentleman who have preceded me have left no doubt as to how they feel about this legislation. There is unanimity so far as the committee is concerned and so far as the Members of the House are concerned as to the real objectives behind this program, namely the peace and security not only of the United States but of the world.

Mr. Chairman, at the outset we should stop for just a moment and realize that at this moment there is in this fund the total sum of \$9,749,500,000. I get this figure from the report of the majority on the committee.

The gentleman from Texas said that we ought to approve all the money that is being requested in this authorization because we might endanger the program. No one will deny the fact that so far as the money on hand is concerned it will run this program for 2 years. In view of the fact that we are in a real crisis today it seems to me that we ought to stop, look, and listen, and I believe delay final approval of this bill. A delay of 30 days will in no way hinder the program because of the large amount of unexpended funds on hand.

The news today states that India and the Chinese Communists have made a deal. It is also possible that France will capitulate in Indochina to these same Communists. So I caution delay at this time. It seems to me, Mr. Chairman, that it would be just good common sense if we decided that so far as the final appropriations are concerned in this matter, or the proposed final authorization, that we ought to give the world situation a chance to jell. It is in a chaotic situation at the present time.

Now, then, I call your attention to what I believe is a very salient fact, that in the time this program has been in operation, the administration has never been able to spend more than \$5.5 billion per year. When you consider that fact and realize that we have almost 10 billion left, I see no reason why statements are made that if funds are denied at this time that the program would be in jeopardy.

Now, I have another fear, Mr. Chairman, and it is that the money in this program is not being administered judiciously. I do not want to be unkind, but it seems to me that we have today sufficient evidence to indicate that there is a lack of understanding as to the intent of the Congress when this legislation was adopted. I want to call attention to some important information that I have accumulated. We have, I think, as it is operating today, an international slush fund that is being used to throw around wherever the Administrator de-

cides it should be used. For instance, it has come to our attention that \$380,000 is going to be used in Indochina to make movies. They are sending some experts from Hollywood to Indonesia where they are going to give them technical advice, they say. The cost of that operation in Indochina is \$239,940.

Just a few days ago one of the local newspapers carried the story that an arrangement had been made with the University of Maryland whereby \$900,000 is going to be used in New Guiana. For what? Now, let me quote from this article:

The administrators of the program say that British Guiana's development program is designed to correct conditions of unemployment, poverty, illiteracy, poor housing, and to establish the basis for a sound, progressive economy.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. SMITH of Wisconsin. Mr. Chairman, I ask unanimous consent to proceed for 3 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

Mr. VORYS. Mr. Chairman, reserving the right to object, and I certainly will not object to this request of my friend from Wisconsin, I think it is well known, however, that it is the plan of the leadership to conclude this 80-page bill today, and it is going to be necessary later in the day to probably limit debate on it. It will be much better if the Members do not ask too much time for the early part of the afternoon. I withdraw my reservation of objection, Mr. Chairman.

Mr. DIES. Mr. Chairman, further reserving the right to object, may I suggest to the gentleman that he move to dispense with the reading of the bill and save that much time and try to afford to the Members as much time as possible to discuss a very important bill. I withdraw my reservation of objection, Mr. Chairman.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. SMITH of Wisconsin. Mr. Chairman, we have this \$900,000 item for this particular project that I have just mentioned.

Yesterday the newspapers carried an item to the effect that we are going to spend some \$222,000 to set up a school system in Nepal. Nobody challenges the humanitarian aspects of that kind of a program or the desirability of it. But I recall that many Members of this House have taken the floor to tell about the deplorable conditions in their schools. Is that a sound program, with tax dollars of the American taxpayers? I doubt it very much.

Last November we had an unusual situation which I say was contrary to the intent of Congress. In this instance the Administrator authorized an expenditure of \$20 million for locomotives to India, and, mind you, out of agricultural funds. That is what I called Operation Choo Choo; and that is what it was.

And right after that we had Operation Santa Claus. We had the Administrator all dressed up like Santa Claus, in a red suit and a white hat and long whiskers. And what did he do? He proceeded to give out some Christmas presents in the form of food packages. It was a fine idea, but do you know what we spent on these Christmas presents? There were 5 million packages. That, again, had a worthy objective. But, I was thinking of some of my own unemployed in my district who did not get any food package from the United States Government at Christmastime. We spent \$13,800,000 to distribute 5 million packages. There should be no more Santa Claus operations without specific congressional approval.

I do not want to seem petty in this argument. We want to do what is right. On the other hand, we have a responsibility to the taxpayers of this country. If you went to your taxpayers and said, "Is it all right if we take \$13,800,000 and distribute these Christmas parcels all over Europe?" what do you think they would say?

So I say, Mr. Chairman, that while we want to give this bill fair consideration, I believe we ought to take out of it the boondoggling and we ought to take out of it the WPA part of it, and we ought to charge the administration with a strict accountability. That is the only way, that is the only atmosphere in which we should operate.

Under permission previously granted, I submit the following for the RECORD:

UNITED STATES HANDS OUT CASH FOR FILMS—
GIVES INDONESIAN MOVIES \$380,000 SENDOFF

(By Philip Warden)

WASHINGTON, May 27.—Harold Stassen's Foreign Operations Administration (FOA) is giving Indonesia \$380,000 to establish a movie industry, Stassen's aides said today.

As a preliminary, FOA has brought at a cost of \$140,000 some 19 Indonesia males to the United States for "studies" in Hollywood directed by the University of California.

FOA said it is costing the American taxpayers an estimated \$4,000 for each of the 19 Indonesians to spend 6 months learning how Hollywood operates. FOA is giving \$36,000 to buy movie equipment for these men.

GIVE TECHNICAL ADVICE

Seven other Indonesians are here for 3 months "to study our democratic free press" and our "dissemination of information." Their trips also are costing the American people approximately \$4,000 a man.

In addition, Stassen's staff arranged to send Louis de Rochemont, Cinerama director, and Lothar Wolff, producer of "Martin Luther," and seven of their assistants to Indonesia at a cost of \$239,940 to provide "technical advice" to the Indonesians.

TAKE FAMILIES ALONG

Stassen's office said some of De Rochemont's aides took their families along. Their salaries of \$132,600 came from aid funds. Travel costs for the men and their families totaled \$39,000.

FOA AND UNIVERSITY OF MARYLAND SIGN
GUIANA AID PACT, LARGEST OF ITS KIND

The largest contract of its type by the Foreign Operations Administration has been signed with the University of Maryland to provide technical aid to British Guiana during the next 3 years.

The \$900,000 agreement was concluded yesterday by FOA representatives and Judge

William P. Cole, Jr., chairman of the university's board of regents; Mrs. John L. Whitehurst, secretary to the board, and Dr. T. B. Symons, acting president.

A contingent of experts will leave almost immediately for the South American possession. Heading the group will be Prof. Carl W. Gohr, 5712 Ruatan Street, Berwyn, and Prof. Presley A. Wedding, 4500 North Chelsa Lane, Bethesda, both civil engineers.

ANGLO-AMERICAN PLAN

FOA said specialists from the university will aid British Guiana in a comprehensive economic and social development plan on which that country and Great Britain will spend \$25 million in the next 2 years. Additional funds are to be provided later.

Dr. Symons saw the work as a "missionary movement" designed to benefit both the United States and the South American country.

"British Guiana's development program," the FOA announcement said, "is designed to correct conditions of unemployment, poverty, illiteracy, and poor housing and to establish the basis for a sound, progressing economy."

ANSWER TO COMMUNISM

"Successful implementation will be a forthright answer to the Communist forces which have exploited existing conditions in an attempt to obtain political control."

FOA recalled that Great Britain suspended a newly proclaimed constitution in British Guiana after reporting that Communists had attempted to gain control of the country last year.

The university will train some Guianans as technicians. A staff averaging 18 persons will be maintained in Guiana by the university.

FOA said the development program is expected to increase the national income of British Guiana by 20 percent in the next 5 years.

POINT FOUR PROGRAM TO AID NEPAL SCHOOLS

KATMANDU, NEPAL, June 28.—Nepal and the United States yesterday signed a technical assistance program designed to develop the primary schools of this tiny Himalayan kingdom.

Under the pact, the United States will contribute \$222,000 to build and equip schools and train teachers and the Nepalese Government will provide another \$147,000.

[From U. S. News & World Report of July 2, 1954]

NEWSGRAM

At the halfway mark in 1954, looking ahead over the second half year:

War threats will recede more. Talk of deals with Communists will grow.

Indochina, in big part, will be handed over to communism. Communist conquests in Europe and Asia will be confirmed and accepted by United States allies.

Anti-Americanism will grow in popularity almost everywhere.

United States, anxious to help, will be pushed back, somewhat isolated. There'll be a play to Russia instead, a try for neutrality between the United States and Russia.

Americans will discover that \$60 billion in aid didn't generate confidence in United States leadership.

Mr. GROSS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Gross: On page 1, section 101, after "security", strike out the remainder of the line, and on page 2, line 1, strike out the words "United Nations"; and on page 2, section 101, line 22, after the comma strike out the remainder of the line, and in line 23 strike out the words "Charter of the United Nations."

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, this is a simple amendment. On page 1 of the bill we find this language:

The Congress of the United States reaffirms the policy of the United States to achieve international peace and security through the United Nations.

At the bottom of page 2 we find the following language:

The Congress reaffirms its previous expressions favoring the creation by the free peoples of the Far East and the Pacific of a joint organization, consistent with the Charter of the United Nations.

I have offered this amendment because it is utterly inconceivable that any spending or action contemplated by this bill should be predicated in anyway whatever upon the whims and caprices of that glorified debating society known as the United Nations.

Moreover, there is almost universal agreement that the United Nations Charter must be revised if even a false front of effectiveness and respectability is to be given this organization.

I point out to you that only a few moments ago this House passed by a unanimous vote a resolution dealing with the Guatemala situation because the United Nations could not deal with it. The United Nations could not deal with it because of the charter of the United Nations. Yet here you are saying in this bill today, and expecting us to swallow it, that we should predicate this entire handout program on the charter of the United Nations.

In this bill we are asked to be consistent with the charter of the United Nations, which is recognized to be inconsistent and ineffective in the field of international relations.

Mr. Chairman, I refuse to be a lick-spittle to inconsistency, and I trust the amendment will be adopted.

Mr. JONAS of Illinois. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Illinois whose consistency with respect to this kind of legislation is never in doubt.

Mr. JONAS of Illinois. I take it that the gentleman is aware, after reading the whole bill, that it is fairly replete with high-sounding platitudes and oratorical outbursts, and that it all has a specific purpose. Your observation is just one of many that I consider as irrelevant matters intended to dress up this bill to delude and mislead the American people.

Mr. GROSS. I appreciate the statement of the gentleman from Illinois.

Mr. VORYS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the language which the gentleman seeks to strike has been in this legislation for 5 years. This year our committee appointed a very able subcommittee, headed by the gentleman from Wisconsin [Mr. SMITH], which carefully reviewed the language in previous purpose clauses. They felt it was most important at this time that we reaffirm the purposes that appear in section 101 and that we reaffirm our purpose

of seeking a joint organization in the Far East consistent with the charter of the United Nations. The committee supports that position. We are a member of the United Nations. We are using the United Nations so far as it is possible as a part of our policy to achieve international peace and security. The purpose clause, if you will read further, states that the additional efforts are necessary. Having reviewed this language which has been in our statute for 5 years, our committee feels very strongly it would be most unwise at this time to attempt to scrap our United Nations policy by this sort of amendment. Therefore, Mr. Chairman, I hope the amendment offered by the gentleman is defeated, and I trust that we can dispose of the pending amendment at this time.

(Mr. JOHNSON of California asked and was given permission to extend his remarks at this point.)

Mr. JOHNSON of California. Mr. Chairman, I believe this bill to be a good bill, and I shall support it. The matter of a foreign-aid bill is not a partisan problem. In the past the decision of what we shall do with respect to foreign aid had always been decided without reference to party lines.

Why is foreign aid necessary now? It is because the world is still in chaos. One portion of the world is bent upon a program of aggression and domination. The Soviet Union started its expansion program promptly at the end of the war. Although she was our ally, she immediately renewed the program upon which she had been working since the overthrow of the Kerensky regime in 1917. I need not go into detail, as the facts are well known. Perhaps the first indication of her determination to take over where possible and to expand her influence and power over other countries was when the Soviets demanded that they be permitted to capture Berlin and her refusal shortly thereafter when the Soviets refused to permit Berlin to be controlled jointly. She refused, and Berlin was divided into four parts, each controlled by a separate nation. Theoretically, that looked good, but the Soviets refused to cooperate with the others.

Immediately upon the termination of the shooting in Europe a group of the Armed Services Committee went to Europe to study DP problems, surplus-property problems, and other problems that would arise during the postwar period. There we learned that the Soviets had trained a number of persons in Moscow in the art of using Communist techniques in subversion, taking over labor unions, and even taking over a country. One Sunday morning the gentleman from Florida [Mr. SIKES] and myself went to the Roman Forum and there listened to a speech by Palmiro Togliatti. He was just back from Moscow and was preaching to a throng of about 15,000 the virtues of communism.

This drive to take over and dominate has continued down to the present moment. Vast territories have come under Communist domination.

France and Italy were saved by the Marshall plan. Others were engulfed,

until finally the Soviets controlled a great part of central Europe. That program has continued down to the present, and in the postwar period a great part of Asia came under the Communist banner, some freely and others through subversion.

The world today consists of two distinct parts—the Soviet world and the free world. To any person who reads, it is obvious these two groups could collide. In this scientific age, if these conflicting groups come to grips, it is obvious that both could be practically annihilated. Why is this? Fast planes and deadly weapons in the control of a country dedicated to world conquest could make a surprise attack that might be almost fatal. Consequently we have built a military force, the greatest in all the world, with an arsenal of weapons unequaled by anyone now. We have determined that representative government shall not perish from the earth, so we have taken steps to unite the free countries of the world for our mutual protection.

We only intend to use this power in defense. We pray we will never have to use it but we feel we must be properly prepared to protect ourselves and our associates. Even a dictator cannot take a chance on being defeated and destroyed. So we feel that our power plus our unity with free countries may act as a deterrent. Behind our military power potential, we may be able to convince those who wish to practice subversion that it may be best to negotiate for a peace.

Even the dictators, as well ourselves, now realize that a military conflict today may bring total destruction. That sobering thought may penetrate the mind of dictators.

In addition to our military arsenal we have in the free world a good part of the resources necessary and useful for both peace and war. We have more know-how, more ingenuity and we have a free people who know how and are willing to fight for their freedom and their institutions. What we are trying to do is to stiffen the military posture of our associates. It has been my great privilege to make official visits to almost every MAAG—Military Assistance Advisory Group—in the world. I can testify that they have done good work. It is unfortunate that in a world where there could be plenty for everyone; where popular government should flourish, and where it should be possible to adjust international differences, that we should be required to build up the military potential of these nations. The kind of a war that might be precipitated in this world would result in world murder. I think we should organize so that the outlaw nation, just like the outlaw citizen, can be put under restraint for the protection of the peaceful nations or the protection of law abiding citizens.

In these extensive travels I have found that in almost every place I have been there is great respect for our country. This bill will move in that direction. I deny that we are universally hated. The present situation shows what wars—of the orthodox type—can do to the world.

France, England, and other countries who are cooperating with us have been made prostrate by war. They simply cannot have another war, although they are now spending about as much of their taxes, proportionately, as we are.

This bill will move the world toward peace, even though it may be slow. We do have an international forum now, where the woes of the countries may be aired. We at least can quarrel with each other, but more, we may come to better understand and respect each other. After the fiendish destruction of World War II, it is only natural that much time will be required to bring the nations, who suffered, back to a more normal life. When we protect and help those free countries who are in that situation we are helping perpetuate and strengthen free government and private enterprise. If freedom can ultimately prevail our money will be well spent.

The man who will have the key spot in developing such a world will be President Eisenhower. He has been trained for the specific job. He believes in this program and our people practically unanimously believe in President Eisenhower. This bill should pass by a wide margin.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. GROSS].

The amendment was rejected.

IT WOULD NOT HAVE HAPPENED IF THE FINDINGS AND RECOMMENDATIONS OF THE DIES COMMITTEE HAD BEEN HEEDED

Mr. DIES. Mr. Chairman, since World War II, communism has cost the United States thousands of lives and billions of dollars and the end is not in sight. No one can predict the outcome. There may be another world war far more destructive and devastating than any war in history. Russia has welded the manpower and resources of nearly one-half of the earth into a single unprecedented striking force. All Asia may fall beneath the iron heel and mailed fist of Communist dictatorship. Europe is vulnerable because of disunity and reluctance to pay the price of survival. Communist fifth columns are strong and active in France and Italy and a beachhead has been established in South America.

This situation was caused by the failure of the United States to grasp the fixed purpose of the Kremlin to conquer the world and to understand the tactics employed for the accomplishment of this purpose. On January 3, 1939, the Dies committee unanimously submitted its first report to the Congress and the executive department. Among other things, the committee found:

We have shown that communism is a worldwide revolutionary movement aiming ultimately at the setting up of a world union of Soviet Socialist republics. This is a proposition which is beyond dispute. It is substantiated by voluminous literature of the Communists themselves.

In this plan for world revolution, the Communists have omitted no country or people as too small or insignificant to command their attention. They have, on the other hand, taken the logical position of concentrating their attention upon the richest and most populous countries of the earth. Among these the Communists recognize the United States of America as the foremost.

The Communist's conquest of the earth will be far less than complete until it has conquered America and destroyed our free institutions.

It follows logically from the Communist International's plan of world conquest that every possible tactic, device, maneuver, and intrigue would be employed to gain such an end as the communization of America. These tactics, devices, maneuvers, and intrigues are both boldly open and patiently subtle, both violent and insidious. The tactics and maneuvers for revolutionary ends are the meat and drink of a Communist. They are the very air he breathes.

If our Government had heeded this finding of the Dies committee it would not have made enormous concessions to Russia at Yalta and Potsdam. Our Government would not have permitted Russia to occupy the Balkan States when it would have been a simple matter for our armies to occupy these countries, including Germany, weeks before the Russians could get there. Our diplomats would not have agreed to give Russia a strong foothold in eastern Europe. They would not have accepted the American Zone of occupation in Berlin without requiring means of ingress and egress. They would not have agreed to permit Russia to dismantle the industries in the Balkan States and remove them to Russia. They would not have surrendered millions of helpless people to Communist domination. They would not have agreed to surrender valuable rights in Manchuria to the Communists, thereby enabling them to establish a beachhead for the conquest of China. It was these postwar concessions which enabled the Soviet Union to emerge from a third-rate power to the position of a world menace, and if our Government had heeded the findings of the Dies committee, it would never have made these concessions.

Another cause of the Communist menace was the theft by Communists inside our Government of our military, diplomatic, and scientific secrets and the influence which these same Communists exerted upon our foreign policy. If we could have retained these secrets, such as the A-bomb and the H-bomb as well as many others, it would have been a long time before Russia could have acquired them and thereby neutralized the tremendous advantage which the exclusive possession of these secrets gave us. If the Communists could have constructed the A-bomb and the H-bomb, they would not have gone to such pains to steal them from us. As long as the United States had the exclusive possession of these secrets, Russia was stalled in her campaign for world conquest. The moment, however, she was able to secure these secrets through theft, her machine was able to resume its strides toward world dominion. Long before these secrets were stolen, the Dies committee named the Communists on the Federal payroll and urged their discharge. In its report filed on January 3, 1939, the Dies committee found:

The Communist Party has penetrated the Government itself, with the result that some Communists hold key positions in Federal agencies and projects.

In the report of the Dies committee dated January 2, 1943, are the following findings:

Since the committee's creation in 1938, there has come to its attention from time to time the presence in the Federal Government of high-salaried employees who were prominently and definitely identified with communism and its front organizations. Many of these cases were promptly called to the attention of the President, the Congress, and the departmental head concerned by either the committee or its members. At this point, the committee would like to cite a number of examples where this procedure has been followed.

On October 25, 1939, the committee made public the names, positions, and salaries of some 563 Government employees located in Washington, D. C., who were members of the American League for Peace and Democracy. In three reports which this committee has made to the House, it has found the American League for Peace and Democracy to be a Communist-front organization. It will be recalled that Earl Browder was vice president of the organization. Furthermore, the Attorney General, Mr. Francis Biddle, has branded the American League a subversive organization, in language as strong as any used by this committee in its characterizations * * *.

On September 6, 1941, the chairman of this committee wrote the President a letter, accompanied by 43 exhibits, detailing the Communist affiliation and background of the following officials of the Office of Price Administration and suggested that they be dismissed from their positions: * * *.

On November 18, 1941, the chairman of the committee wrote a letter to James Lawrence Fly, Chairman of the Federal Communications Commission, calling his attention to the fact that the committee had a considerable file revealing the Communist affiliations of one Goodwin Watson who had just been appointed Chief Broadcast Analyst of the Federal Communications Commission. * * *.

On January 15, 1942, the chairman of the committee, in a speech on the floor of the House, called attention to the presence in the Office of Facts and Figures of one Malcolm Cowley, chief information analyst, at a salary of \$8,000 per annum. The chairman inserted in his speech the record of Malcolm Cowley, which showed 72 affiliations with the Communist Party and its front organizations. * * *.

On November 28, 1941, in a speech on the floor of the House, the chairman called the attention of the Members to the case of Gardner Jackson, principal economist in the Department of Agriculture at a salary of \$5,600 a year, and included in his speech the Communist record of Gardner Jackson. * * *.

On March 28, 1942, the chairman wrote a letter to the Honorable Henry A. Wallace, Chairman of the Board of Economic Warfare, and called his attention to the Communist affiliations of eight of its employees. * * *.

Pursuant to this request, the committee on October 17, 1941, sent to the Attorney General the names of 1,124 Federal Government employees who were members of organizations which this committee obtained largely by subpoena and has been identified and authenticated by the officials of the organization involved. All of the committee's files were immediately made available to the Attorney General and his investigators who were charged with carrying out the mandate of Congress as contained in this act.

Thus, it will be seen that before World War II the Dies committee had furnished the executive department with the names of more than 1,000 Government officials and employees who belonged to organizations which the committee and the Attorney General had found to be Communist controlled and subversive. Included in this list were the names of Alger Hiss, Harry Dexter

White, and Harold Glasser. These people were kept on the Government payroll for at least 10 years after they were exposed, and the theft of our military, diplomatic, and scientific secrets was made possible because of their presence on the Federal payroll. Furthermore, these Government officials greatly influenced our foreign policy in favor of Russia. They were largely responsible for the policy of the Government which coddled and protected Communists at home and abroad. If they had been fired promptly after they had been exposed from 1938 to 1941, Russia would not have been able to steal those enormously important secrets which upset the balance of power throughout the world and brought us close to another world war.

Another cause which contributed to Communist success was the failure of our Government to deport and exclude Communist aliens. In 1932, my bill to deport and exclude Communist aliens passed the House of Representatives but was stymied in the Senate by the liberal bloc headed by Senator La Follette. At that time, there were only 20,000 Communists in the United States and 90 percent of them were aliens. If my bill had become a law, these Communists would have been deported and the thousands who came after 1932 would have been excluded. The Communist conspiracy would have been nipped in the bud.

In the committee's report filed on January 3, 1939, is the following finding:

The committee received considerable evidence of the activities of Communist, Nazi, and Fascist aliens in the United States. It does not seem that these aliens experience any difficulty in entering the United States or remaining here after entrance. A large part of un-American activities is inspired and carried on by these aliens. Some of them are direct representatives and agents of foreign governments. All of them are engaged in fomenting discord, stirring up trouble, and spreading foreign ideologies. Some of them occupy important positions in other organizations and are able to wield considerable political influence. * * *.

The committee believes that it will be difficult to ever cope with un-American activities and propaganda in this country so long as the Department of Labor follows its present policy with reference to deportation. The laxity with which the Department of Labor deals with alien agitators would be unbelievable if we did not have before us the most convincing proof. We believe that a more thorough and careful investigation will reveal the presence of scores of Fascist, Nazi, and Communist aliens, who could be and should be deported, if the Labor Department would proceed against them in accordance with the laws of the land.

We further believe that the failure of the Labor Department to carry out the laws with respect to deportation is a contributing factor to the widespread activities and propaganda carried on by un-American elements in the United States.

We further believe that greater care should be exercised in permitting aliens to enter the United States to the end that aliens who believe in or advocate communism, fascism, and nazism will be excluded.

It must be remembered that under the decisions of our courts, aliens occupy the status of guests and Congress can pass any laws with respect to their deportation that it sees fit. It is unthinkable that these aliens should be permitted to abuse their guest privileges with immunity. The evidence discloses that some of these aliens are actually supported by the tax money of loyal and

patriotic American citizens. This is an intolerable situation. We recommend that the evidence and testimony in the record with reference to the activities of alien agitators be read in order that there may be a full appreciation of the seriousness of the situation.

In the committee's report filed January 3, 1940, we recommended:

The mandatory deportation of aliens who advocate any basic change in the form of our Government; the enactment of legislation to stop all immigration from foreign countries that refuse to accept the return of their nationals found under American law to be deportable from this country.

Notwithstanding these findings and recommendations of the Dies committee, Communist aliens were permitted to remain in the United States and hundreds of Communist aliens were permitted to enter the United States. If they had been deported and excluded in accordance with the recommendations of the Dies committee, the Communist conspiracy in America would have been destroyed before it was able to accomplish its mission.

Another cause of Communist strength and success in the United States was the infiltration of labor unions and seizure of control. Through these labor unions Russia was able to wield great political influence. These unions had the balance of power in some areas. Through these unions the Communists were able to instigate many political strikes which paralyzed production and spread disunity and class hatred. In its report filed January 3, 1939, the committee found:

The Communist Party is boring from within labor unions on a wide scale, seeking to dominate or wreck the unions for purposes that are alien to the interest of organized wage earners. It deliberately projects violence in labor disputes for the purpose of training a revolutionary group in the tactics of civil war. It seeks to sabotage and cripple our economy on every possible front, with the view to its profiting by the resulting economic crisis.

In its report filed on January 3, 1940, the Dies committee found:

On the basis of the evidence submitted, we find Communist leadership entrenched in the following organizations: National Maritime Union; United Cannery, Packing, and Allied Workers; Federation of Architects, Engineers, Chemists, and Technicians; Fur Workers International Union; International Longshoremen and Warehousemen's Union; Transport Workers Union; United Office and Professional Workers' Union; American Communications Association; United Electrical, Radio and Mechanical Workers of America; and the United Furniture Workers of America.

In its report filed January 2, 1943, the Dies committee found:

In the early part of 1941, a wave of sabotage strikes in American defense industries reached its highest point. From the very beginning of these strikes, this committee pointed out that these menacing work-stoppages were led by known Communists and that the Communist Party's program called for just such treasonable interference with this country's military and industrial preparedness. The damage done by these strikes was incalculable.

We called upon the CIO to expel these unions from their organization. Ten

years later the CIO took this action. We asked that these organizations be denied any rights under the National Labor Relations Act.

Another cause for Communist success in the United States was the infiltration of educational institutions. In its report filed January 3, 1939, the Dies committee found:

The Communist Party is unusually active in our schools, both openly and subtly insinuating its propaganda into the minds of students.

In its report dated January 3, 1941, the Dies committee recommended as follows:

Withhold all Federal financial support from any educational institution which permits members of its faculty to advocate communism, fascism, or nazism as a substitute for our form of Government to the student body of these educational institutions.

If this recommendation had been adopted, educational institutions would have been compelled to expel Nazis, Fascists, and Communists from their faculty. This would have struck a telling blow at the Communist conspiracy.

After my bill to deport and exclude Communist aliens was stymied in the Senate, instructions went forth to all Communist agents to become naturalized. Most of them complied with this instruction for fear that Congress would enact my bill or similar legislation and they would be deported. Therefore, in the committee's report dated January 3, 1941, we recommended as follows:

We recommend that the statutory period during which citizenship papers can be revoked under existing law be extended to at least 10 years.

If this recommendation had been followed, our Government could have revoked the citizenship papers of Nazis, Fascists, and Communists and deported at least 90 percent of them.

A contributing cause to the growth of the Communist conspiracy in the United States was the ease with which Communist agents were able to travel to and from the United States. In its report dated January 3, 1945, the committee recommended:

Due to the fact that the committee has discovered that many members of foreign-controlled organizations have traveled on American passports which have been fraudulently obtained, the committee feels that the statute of limitations should be extended from 3 to 7 years. This is made necessary because of the unusual difficulty in apprehending those who resort to the use of fraudulent passports within the period of 3 years.

The most important recommendation made by the Dies committee during the 7 years of its existence was the recommendation contained in the report of 1941 that foreign-controlled organizations be outlawed. It reads as follows:

The enactment of legislation to outlaw every political organization which is shown to be under the control of a foreign government. As long as these organizations have a legal status in the United States, it will be difficult for any agency of the Government to deal with them. We now know that they furnish the legal apparatus for the operations of saboteurs and the window dressing for espionage. The committee believes

that legislation can be worked out to outlaw such organizations and that this will in no sense constitute a violation of the Bill of Rights, since such legislation would only affect organizations controlled or directed by foreign countries.

Mr. Chairman, had this recommendation been adopted in 1941, the Communist conspiracy would have been dealt a deathblow. In its 1939 report the committee found:

The Government, by use of the provisions of the wartime legislation, drove the Communist Party underground, where it remained in an illegal status until 1924 when the repeal of the war measures and the consequent halting of Government activities by the agents of the Department of Justice permitted it to reappear. The Communists came more and more into the open until today they flaunt their revolutionary activities throughout the country. Since 1925 the Department of Justice has had no power, no authority, or no funds from the Congress to investigate Communist propaganda or activities. During the period that the Department of Justice had actual authority, the Communist Party was driven underground where it could not function successfully. Just so long as the agents of the Department of Justice were active, the movement remained comparatively stationary and innocuous. At the present time the Communist Party of the United States is thoroughly and highly organized, nationally and locally, and is extremely active.

In other words, Mr. Chairman, we have tried the method of outlawing the Communist conspiracy and the result was very satisfactory. Based upon our careful study of what happened during the 4 or 5 years that the Communist conspiracy was outlawed, our committee reached the unanimous finding that the only way to deal successfully with the Communist fifth column in America was to outlaw foreign-controlled and directed political organizations, such as the Communist Party and its frontal organizations. Since it proved highly successful during the 4 or 5 years it was tried, the committee felt that we should return to that method. To this day, Mr. Chairman, we have been unable to get this Government to take this necessary action.

I have a bill pending before the Judiciary Committee to outlaw the Communist Party and its various components of subsidiary, auxiliary, and frontal organizations, but the committee has not yet reported it. If our recommendation had been followed in 1941, we would not be confronted today with this great threat.

Mr. Chairman, before concluding this speech I would like to read a few excerpts from my book, the Trojan Horse in America, which was published in the early part of 1940 by Dodd, Mead & Co. On page 354 I said:

It should, however, be stressed that the Government itself has played an important role in the growth of communism by providing Communists with jobs and opportunities for recruiting members and fellow-travelers. There are few subversive organizations in America which cannot produce letters of endorsement and encouragement from prominent Government officials. All of this is a form of feeding the Trojan horse. It can be ended promptly and effectively by those in Government who have been responsible for it.

On page 362 I said:

These leftwingers are scattered throughout the Government service and occupy key positions which enable them to oppose any efforts to combat the fifth column. They themselves are too deeply compromised to permit any vigorous action against the Trojan horse organizations with which they have been affiliated. They do not understand that liberty and the Bill of Rights cannot survive the destruction of the American economic system. It is this group in the Government that constitute the spearhead of the Trojan horse movement in this country. Until they are removed from their positions, we may expect at best only half-hearted and ineffectual action. They do not believe in the system of free, private enterprise, and if they had their way it would have been scrapped already.

On page 363 I said:

The issue is before the President. He must take the initiative in performing this necessary task in the interest of adequate preparedness.

The President cannot supply the leadership on which our national security rests until he inaugurates a thorough and a genuine housecleaning in Government service. This is the plain truth and to deny or avoid it may prove fatal in the end.

The President must surely realize by this time that his leftwing followers in the Government are the fountainhead of subversive activities.

Whether or not we can develop courageous leadership in this country remains to be seen. It depends upon an awakening of the people. The totalitarian psychology of communism and fascism has taken root in the minds of many of our people. It must be eradicated before the Nation is prepared to defend itself against the assault of totalitarianism.

Mr. O'KONSKI. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I wish to follow through with what the distinguished gentleman from Texas has just said, that the leaders of our Government not only ignored the findings of the Committee on Un-American Activities but in fact they did exactly the opposite. Instead of suppressing, and instead of stopping the onward rush of communism throughout the world, they went in exactly the opposite direction and financed the growth of communism throughout the world, to wit, the granting of \$13 billion of lend-lease material to the Soviet Union.

I remember when the Russians had butter running out of their ears and they were using it for axle grease, so concerned were we about the welfare of communism, while at the same time we were rationing butter in the United States of America.

When we were delivering this material to them the Americans who delivered that war material could not even step off of the boat to find out what they were doing with the material.

In other words, I submit to your consideration that it is exactly the foreign aid programs of the United States that got us into the mess that we are in today. If we had not given the Russians the \$13 billion worth of lend-lease during the weeks when MacArthur was stranded in the Pacific and could not get anything, we would not have the Russians to contend with today.

I want to bring it more up to date. If it had not been for American aid given to Ho Chi Minh in China during the war in 1944, to be specific, we would not have the Indochinese war going on today. It is American foreign aid that started Ho Chi Minh on his Communist conquest of Indochina. He was sought out by the American Office of Strategic Services, Communist infiltrated to the core. We took war materiel that was supposed to go to fight our enemy, and we gave it to Ho Chi Minh. He used this American aid to start the Communist conquest of Indochina. If it were not for the American foreign aid program to Ho Chi Minh, the greatest Communist leader in China at the time, sought out by the American Office of Strategic Services, if Ho Chi Minh had not gotten American dollars and American war materiel, today we would not be faced with the necessity of appropriating approximately \$2 billion in carryover funds and in new money to stop the man that we started with our money in Indochina and in China in 1944.

So I submit for your consideration and carry on from where the eminent gentleman from Texas left off. We did not heed the advice of the Committee on Un-American Activities in 1938 and 1940, but instead we went in exactly the opposite direction and opened the bank of the United States of America to finance this Communist intrigue all over the world.

If it were not for these American foreign-aid programs which financed the Communists from 1941 through 1947, we would not be in the mess, in the jam, we are in today. I submit for your consideration that after we spent these billions of dollars to aid communism now we are called upon to spend billions of dollars to stop them.

To me that does not make sense, and I am kind of tired of the same people who got down in the well of the House over here in 1941 through 1947 and said: "We have got to give this money to Russia, we have got to give this war materiel to Russia, we have got to give this materiel to Ho Chi Minh," these same people who said at that time, "We have got to help the Communists through mutual security for our own protection" and now are coming down the aisle and saying, "My God, we made a mistake. Now we have got to appropriate equal billions of dollars to stop the son-of-a-guns."

That is the situation we have here today. I am of the opinion that these people who were all out for financing communism from 1941 to 1947 should not tell us what needs to be done now, because they were in error then, and the methods they are pursuing here are just as much in error now.

(Mr. O'KONSKI asked and was given permission to revise and extend his remarks.)

Mr. HOFFMAN of Michigan. Mr. Chairman, I move to strike out the requisite number of words.

(Mr. HOFFMAN of Michigan asked and was given permission to revise and extend his remarks.)

Mr. HOFFMAN of Michigan. Mr. Chairman, when the roll is called, my

vote will be cast today as it has been for, oh, all of the years legislation of this nature has come up, that is, against the bill.

The gentleman from Texas gave us a rather accurate story of what has been happening. We get nowhere by pointing to previous mistakes, except as we profit by those mistakes and not do the same thing over again. It is all right to make a mistake once or twice, but we should not let it become a habit. That we have done. We have not only wasted billions, but, as the gentleman from Wisconsin [Mr. O'KONSKI] stated, in the spending of it, we have encouraged Communist-aided communism.

The gentleman from Texas [Mr. DIES] spoke about what happened some 20 years ago. He told of his warning against communism earlier, and in 1925 John L. Lewis—think of it, John L. Lewis—had something to say about Communists.

Let me quote from a talk made by me from the well of the House in 1937:

In Senate Document No. 14 of the 68th Congress, 1st session, compiled under the direction of John L. Lewis, then president of the United Mine Workers of America, to lay bare the attempt by Communists to seize the American labor movement and to destroy our Government, we find on page 1 these statements:

"Imported revolution is knocking at the door of the United Mine Workers of America and of the American people. The seizure of this union is being attempted as the first step in the realization of a thoroughly organized program of the agencies and forces behind the Communist International at Moscow for the conquest of the American continent.

"The overthrow and destruction of this Government, with the establishment of an absolute and arbitrary dictatorship, and the elimination of all forms of popular voice in governmental affairs, is being attempted on a more gigantic scale, with more resolute purpose and with more crafty design than at any time in the history of this Nation."

These statements were no hasty, ill-considered utterances of a man forced to speak at once and without deliberation. They were the result of a prolonged, painstaking, and thorough investigation made under the direction of John L. Lewis, and may be accepted as true.

John L. Lewis, before his viewpoint had been warped by his consuming personal ambition, speaking of a similar movement, accurately described his own present organization and its purpose in these words:

"The movement is aimed not only at the labor unions but at the entire industrial, social, and political structure of the country, and with the single aim of eventually establishing a Soviet dictatorship in the United States."

I guess the Communists did succeed in part because on the last day of January 1936, the sit-down strikes came to Michigan, and John L. Lewis through 1937 used the Communists and their methods to organize the CIO. He later changed his mind about Communists. But they are an ever-present danger.

The gentleman from Texas [Mr. DIES] wondered why these things could come about in a country like this where the people were so intelligent. They happened because we have been misled and misguided by certain columnists, editors, and internationalists. We all know who

they are. They are still on deck. All one needs to do is to read the current Washington papers. It is the same old crew that the gentleman from Wisconsin was talking about, that the gentleman from Texas was talking about. They are still dishing it out. They are still dishing it out, we read it every day, morning, noon, and night, and we swallow it, and then we come in here and vote as they would have us vote. It is all a mistake, is it not? Why are we so dumb? We have never gotten anywhere with it so far, but still we continue—at least, our leaders here, I mean, the majority of the committee, are asking us to again go along. I, for one, just cannot, just will not, do it. To again appropriate billions of the hard-working taxpayers' money to finance a war in which we have no real stake, a war which will solve nothing, into which we may ultimately be dragged, with the result that hundreds of thousands of our men may sacrifice their lives, I will not do it. The columnists, the internationalists, the war profiteers, yes, and even the sincere, do-gooders may one and all yell their heads off. I will not go along.

One of our colleagues has been going around asking us to read page 9 of the May 21, 1954, issue of United States News & World Report. Well, that is all right for those who came here recently, but many of us who have been here over the years have been aware of the situation which was bound to and which has developed. The situation there described is about what some of us predicted. Listen, here is the first line:

Things are going bad for the United States out in the world. That is becoming clear.

Well, that depends on how you look at it. What is next?

This country isn't going to fight to save Indochina for France.

That is not bad news for me. That is good news. I hope it is true. I am happy about that. That indicates that maybe we are coming to our senses. Then on down below:

People in many places are fed up with the United States urge to save them. They are glad to take American dollars, but they don't want any more advice.

Is that not good for this country? Is it not? Had we stopped to think we would have known that you cannot buy friendship, nor can you purchase the support of another nation when, by giving that support, that nation will endanger its own security.

Now, some people thought communism was all right. Vastly more, who are good, kindly Christians, want to make the world over. I have never been able to absorb the thought that we were going to convert the Hindus to Christianity. I have never been able to believe that by force of arms—you know, they tried that long ago; the Romans tried it on the Christians—I have never been able to believe that by making war on the Communists we would change their thinking.

I voted for this resolution which was adopted today, telling as I understood it, certain groups to stay out of South America. I will go along with that, even

to the use of armed force to keep them out.

On the same theory, why should we not stay out of Asia and Europe? We do not want anybody monkeying around our hemisphere. Then why do we insist on going elsewhere to make other people, all other people, conform to our way of thinking, our way of worship, if you want to put it that way?

I will go along with MacArthur who long ago said if we are going to fight communism, then fight it at headquarters, in Russia. I will go along with Herbert Hoover who said that instead of trying to fight all over the world, we pick out a line of defense that we could maintain and make our stand there.

Now, years ago—oh, not years ago but 10 or 15 years ago—I was bitterly criticized by columnists and radio commentators and some Members of the House because they said that I was an isolationist. Well, the truth of that depends on the definition of the word. I do believe in serving my country first, and I think now, along with U. S. News & World Report, we ought to be able to realize it is still useless to try to make people conform to our way of thinking and our way of living. They will take our dollars, but they will go their own way.

The statement in the U. S. News & World Report is so accurate that I read it:

Things are going bad for United States out in the world. That's becoming clear.

Communists are winning in Indochina. France are on the way out.

Defense pact of Asian nations, United States backed, is a long way off. Britain is dragging her heels on that one. Britain and France, both, with big stakes in that part of the world, aren't willing to stand and fight on present lines.

United States, left to hold the bag, can fight alone or pull back.

This country isn't going to fight to save Indochina for France.

War, as a result, is not in the cards. Conditions to be met prior to war are these: (1) An appeal by independent peoples to be saved, (2) combined action by a united group of nations, not United States alone, (3) prior approval by the United States Congress. None of those conditions exists in southeast Asia now.

United States military, too, is adamant in opposition to a jungle war.

War, when and if it comes again, is going to be the real thing, not a fringe fight in a remote area, where nothing is settled whoever wins.

If you want to know it, what's happening in the world is this:

People, in many places, are fed up with the United States urge to save them. They're glad to take American dollars but don't want any more advice.

Churchill, for Britain, has just told American diplomats as much. Eden has done the same. France is getting set to go her own way, which isn't the way the United States planners figured it. India long ago told this country off.

What the non-Communist world seems to want is new leadership. Feeling is that United States has had its chance and has muffed it. Now it's the turn of somebody else, with a few new ideas, with less emphasis on the sword.

Alliance, United States built, is not in a happy state at the moment.

There is just this other point: The United Nations is helpless in the present situation.

Russia stands ready to veto any U. N. action directed at the Communist aggression in southeast Asia. The U. N. action in Korea came when the Russians were boycotting the Security Council. They weren't around to veto. Now they are. The United Nations, as a result, is just an onlooker.

From the above, we gather the thought that today we are, as a nation in one sense of the word, an isolationist or, if you prefer, a nationalist people, at least we stand alone. Today, apparently instead of having chosen to follow the advice of Washington and of Lincoln to avoid entanglements in the affairs of other nations, we have constantly and determinedly stuck our national nose into the affairs of other nations until now, as I read the above, they have shoved us out; in effect, told us to mind our own business—that, while they will accept our dollars, they want none of our advice as to how they should conduct either their domestic or their national affairs. To my internationalist associates and friends, if I have any, may I humbly suggest that, having given away to other people, other nations, billions of your constituents' dollars, you now accept the advice of those to whom you have given the billions—pack up your carpet bags, come home, and set our own house in order.

The Clerk read as follows:

SEC. 102. General authority: Military assistance may be furnished under this chapter on a grant or loan basis and upon such other appropriate terms as may be agreed upon, by the procurement from any source and the transfer to eligible nations and international organizations of equipment, materials, and services or by the provision of any service, including the assignment or detail of members of the Armed Forces and other personnel of the Department of Defense solely to assist in an advisory capacity or to perform other duties of a noncombatant nature, including military training or advice.

SEC. 103. Authorizations: (a) There is hereby authorized to be appropriated to the President, in addition to appropriations authorized by sections 104 and 105, not to exceed \$1,430,300,000, to carry out the purpose of this chapter; and, in addition, unexpended balances of appropriations for military assistance under each paragraph of the Mutual Security Appropriation Act, 1954 (except the appropriation for mutual special weapons planning), are hereby authorized to be continued available for the purpose of this chapter and to be consolidated with the appropriation authorized by this subsection; all of which is hereby authorized to be continued available through June 30, 1955.

(b) Funds made available pursuant to subsection (a) of this section shall be available for the administrative and operating expenses of carrying out the purpose of this chapter including expenses incident to United States participation in international security organizations.

(c) Funds made available pursuant to subsection (a) of this section may be used for the procurement of equipment or materials outside the United States unless the President determines that such procurement will result in one or more of the following conditions:

(1) Adverse effects upon the economy of the United States, with special reference to any areas of labor surplus, or upon the industrial mobilization base, which outweigh the strategic and logistic advantages to the United States of procurement abroad;

(2) Production of such equipment or materials outside the United States under inadequate safeguards against sabotage or the release to potential enemies of information detrimental to the security of the United States;

(3) Unjustifiable cost in comparison with procurement in the United States, taking into account transportation costs for delivery overseas; and

(4) Delays in delivery incompatible with United States defense objectives.

SEC. 104. Infrastructure: (a) The President is authorized to make contributions to infrastructure programs of the North Atlantic Treaty Organization, in accordance with agreements already made between the member nations, out of funds made available pursuant to this section, or section 103 or chapter IX of the Supplemental Appropriation Act, 1953, of amounts totaling not more than \$780 million, less amounts already contributed for such purpose. There is hereby authorized to be appropriated to the President for such purpose, in installments prior to June 30, 1958, not to exceed \$321 million, to remain available until expended. Such contributions by the United States shall not exceed its proportionate share, as heretofore agreed upon, of the expenses of such programs.

(b) When the President determines that it is in the interest of the security of the United States to participate in programs for the acquisition or construction of facilities in foreign nations for collective defense other than programs of the North Atlantic Treaty Organization, he may use for such purpose funds made available under section 103 or local currencies made available under section 402 in amounts totaling not more than \$50 million.

(c) Notwithstanding section 501 of this act, no funds other than those referred to in subsections (a) and (b) of this section may be expended for the purposes of this section. No funds shall be expended under this section for rental or purchase of land or for payment of taxes.

Mr. ADAIR. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ADAIR: On page 5, lines 14 and 15, after the comma on line 14, strike out "in installments prior to June 30, 1958" and insert "for fiscal year 1955"; and on page 5, line 15, after "exceed", strike out "\$321,000,000" and insert "\$122,700,000."

(Mr. ADAIR asked and was given permission to revise and extend his remarks.)

Mr. ADAIR. Mr. Chairman, this amendment is obviously addressed to the section on infrastructure. I am sure that every Member of this House is aware of the fact that the term "infrastructure" is a term arising out of the NATO usage and means those facilities which are designed for collective defense use. Those facilities would include airports, communication networks, pipelines, port facilities, and things of that sort. The program of implementing the infrastructure build-up has been divided into annual increments called slices. There are planned seven of such slices.

The sum of \$321 million set forth in the bill would take care of the portion of the last three slices which will be chargeable to the United States; that is, slices V, VI, and VII, and, as you have observed, would be available under the bill as submitted until June 30, 1958.

Heretofore, there has not been a special section provided in the law in which

infrastructure money was requested. It has been made a part of the general military expenditure for NATO purposes. This year it was the thinking of some that because we are asking for not 1 year's authorization but 3, a special section ought to be required for it. Hence, this is, to that extent, a new provision in the legislation.

The entire program of infrastructure in the seven slices to which I have made reference is expected to cost something in excess of \$2 billion. Of that the United States is expected to pay \$780 million. My amendment does not affect that figure of \$780 million. It simply reduces the amount to be authorized in this bill from \$321 million to \$122.7 million, and it provides that the latter sum will be authorized for the next fiscal year instead of the entire sum being available until June 30, 1958.

As the hearings progressed, a question was asked of one of the team presenting these facts to the committee, as to whether or not a limitation of this year's expenditures to \$122.7 million would have an adverse effect upon the program; and the answer given was that it would not have such effect. In other words, if we authorize and if there is subsequently appropriated \$122.7 millions, you are giving the infrastructure program all the money they expect to use and all the money they need for this coming fiscal year.

More than that, this bill has been widely heralded as a bill containing authorizations for \$3.4-plus billions. If this wording remains in the bill, we are not enacting a \$3.4-plus billions bill, we are enacting a \$3.6-plus billions bill.

I hasten to add that the executive representatives have said they do not expect to ask authorization for more this year than the amount I have provided for; more than the \$122.7 millions. They have said they do not expect to ask for more this year but they just want the continuing authority. Therefore, the bill has been said to be a \$3.4-plus billions bill because they are not going to ask for the appropriation. The authorization, however, is here, as the legislation now stands.

Finally, it seems to me that by the adoption of this amendment we are accomplishing a thing which I mentioned yesterday in general debate, that is, we are retaining for this House, and indeed the Congress, the right to scrutinize annually the authorizations which are to be used in this program. If we pass this section here as it is written today, then from the standpoint of authorization it need not be brought before the committee or the House again.

Therefore, I would say that by the adoption of this amendment you would accomplish three things: In the first place, you will not injure the program. That is the uncontroverted testimony. Secondly, you will make it a \$3.4 billion bill as we have stated, instead of a \$3.6 billion bill. Finally, and perhaps the most important of all, you will retain the right of this body to inspect and control annually these authorizations.

It seems to me that all of the arguments are in favor of this amendment,

and that nothing but good can result therefrom.

Mr. VORYS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I regret to find myself in opposition to my friend from Indiana. Perhaps it is because of pride of authorship in section 104, on infrastructure, which appears before you, which I redrafted.

As he has stated, there never was a separate provision for infrastructure before this year. The previous bills were drafted so that they could use the general authorization for public utilities and public works all over the place. This year separate provision was made for infrastructure. It was the purpose that all of the \$1,430,000,000 which has just recently been approved in the bill could be available for infrastructure.

That concerned me, so I, with assistance of other members of the committee and the presentation team, drafted this present section on infrastructure.

As the gentleman has explained, this is the first year we have been asked to authorize in advance for infrastructure. The reason for the request was that there has been a series of executive agreements so that we could complete the NATO infrastructure, this vast system of airfields, pipelines, and telecommunications needed for the defense of Western Europe in the NATO complex. There have been executive agreements that our share of it, after taxes are deducted, because this section prohibits our payment of taxes, will amount to 37.9 percent. I wanted to put in here language that we would authorize this provided the proportionate shares of others were contributed as per agreement. Therefore, you find the language on this page in lines 16 to 18. In addition, I proposed to the committee and the committee agreed that of the other military authorization not more than \$50 million could be spent for infrastructure. This word "infrastructure" may be confusing to you. The arithmetic of it may be confusing to you. But I suggest this, that if you leave the bill as it comes to you from the committee, you will authorize agreements already made provided the other member nations live up to their agreements. If you leave it as it is, there will be no additional money appropriated this year. Therefore, I hope the gentleman's amendment will be defeated and the committee sustained in their draft of this exceedingly complicated but important matter.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana [Mr. ADAIR].

The question was taken; and on a division (demanded by Mr. ADAIR) there were—ayes 28, noes 38.

So the amendment was rejected.

The Clerk read as follows:

SEC. 105. Development of weapons of advanced design: There is hereby authorized to be appropriated to the President not to exceed \$27,000,000, to remain available until expended, for the purpose of encouraging and expediting the development of weapons of advanced design by nations or international organizations eligible to receive military assistance under this chapter. Not-

withstanding any other provision of this act, funds made available pursuant to this section may be used only for the purpose of this section. In addition, the unexpended balance of the prior appropriation made pursuant to section 542 of the Mutual Security Act of 1951, as amended, is authorized to be continued available for the purpose of this section until expended and to be consolidated with the appropriation authorized by this section.

Mr. BENTLEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BENTLEY: On page 6, line 8, strike out all of section 105 and insert in lieu thereof the following:

"SEC. 105. Development of weapons of advanced design: The unexpended balance of the appropriation made pursuant to section 542 of the Mutual Security Act of 1951, as amended, is authorized to be continued available until expended, for the purpose of encouraging and expediting the development of weapons of advanced design by nations or international organizations eligible to receive military assistance under this chapter. Notwithstanding any other provision of this act, funds continued available pursuant to this section may be used only for the purpose of this section."

Mr. H. CARL ANDERSEN. Mr. Chairman, I believe this is too important a bill to be amended and worked upon without a quorum present, and I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and three Members are present, a quorum.

Mr. BENTLEY. Mr. Chairman, we have here a section of the bill which requests authorization for \$27 million for the purpose of encouraging and expediting the development of weapons of advance design, by nations or international organizations. We had last year a request for this same purpose by the administration for \$250 million. In its wisdom the Committee on Foreign Affairs cut that amount down to an authorization of \$50 million. Now they are coming in here asking for \$27 million more.

I have before me a complete list of all the items in this legislation that are available, cumulative obligations, unobligated balances, expenditures, and all of that, as of April 30, 1954. On this particular item for the development of weapons of advance design—as I say, remember that last year the administration got \$50 million for this item—we have as of April 30 not only an unexpended balance but an unobligated balance of \$50 million. In other words, they have not been able to figure out how to use this money. Still they want \$27 million more.

Now what is the purpose of this amendment? The purpose of the amendment is to allow them to carry over the unexpended balance as of June 30. They will still have the \$50 million, but this would forbid them any new money under this legislation until the Congress can find out what the money is being used for.

On page 303 of the hearings Mr. Tracy Voorhees, Director of Offshore Procurement of the Office of the Secretary of Defense was asked about the special weapons fund. He was asked if it was

tied up in any way with our defense budget. He said:

No. We are not using that fund for further research in our Armed Forces, because that would duplicate funds already in use.

In other words, this money is supposed to be used for the manufacture of these special weapons abroad. We did have special weapons funds in our own Defense Department, which could be made available for our military allies. Yet we cannot find anything about it. It is a deep secret.

Later on Mr. Voorhees said:

We are asking here for money to spend on things that are not proven but that we hope will prove out.

In other words, it is clearly a gamble with \$27 million of the taxpayers' money.

I would like to use the balance of my time to ask anybody on the majority side of the committee if there was one single word of testimony in all of our hearings which gave any reasonable justification for the use of new money in this respect.

Mr. JAVITS. I expect to take some time on my own to discuss this amendment.

Mr. BENTLEY. Is there anybody else who cares to make an explanation about the use of the money for the special weapons fund?

Mr. FULTON. If the gentleman will yield, I would like to join the gentleman in his position.

Mr. BENTLEY. Thank you. Is there anybody who is opposing me on the committee? I do not see any opposition, so I yield back the remainder of my time, Mr. Chairman.

Mr. JAVITS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I thought I had made it clear to the gentleman that I would oppose the amendment on behalf of the committee, Mr. VORRYS having asked me to handle it. I am sorry I did not think it was necessary to rise to say it twice. We all have a deep affection for the gentleman from Michigan [Mr. BENTLEY] and, considering the peril in which he has been placed, we feel like cheering every time he comes into the room, but I must differ with him on this amendment.

It has been reiterated that there are something like \$9 billion in unexpended funds in this program.

This is an enormous military aid program. We also are appropriating for all the military side of this program something like \$1,500,000,000.

Last year they asked a quarter of a billion dollars to develop special weapons adaptable to the different areas in which these arms we are helping to equip them with might be used—very different areas from our own, with very different geographic problems, and very different logistic problems, and very different tactical problems. Our committee cut that down to \$50 million.

I now refer the Members to the committee report which states specifically, according to the testimony of the administrators of this program, just what will be done, and just exactly what has been done with it. At the top of page 25—there need be no conjecture about it—the statement is made, from the testi-

mony of Mr. Tracy Voorhees, Director of Offshore Procurement of the Department of Defense:

Thirty-six projects, constituting the bulk of the originally recommended program, were submitted to the President and approved by him, as the act requires.

Negotiations are now underway with the respective governments as to these projects, providing for United States assistance to speed them up, and assuring that successful developments resulting will be available, subject to adequate security protection for NATO defense.

May I emphasize that the 36 projects have already been approved. Now I continue on page 25:

The second part—that is, the American part—of this program includes a screening of the development of our own Armed Forces which might be useful for NATO defense.

Finally, there is the view of Mr. Donald A. Quarles, Assistant Secretary of Defense for Research and Development, which appears further down on the page, as reported by Mr. Voorhees:

Mr. Quarles * * * has in mind the possibility of utilizing a portion of this fund to develop a mutual arrangement with the different countries under which they will, with some assistance, round out their own aircraft control and warning systems, and these will be linked up with some assistance by the United States, including United States know-how and experience through a central laboratory.

Mr. BENTLEY. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. In just a minute, after I make my point. The point in brief is this, that we have authorized this \$50 million in order, so to speak, to lubricate a program of \$9½ billion for mutual security in arms, to permit the development of original ideas particularly adaptable to the sections of the world where we are going to back up our allies. Such assistance in development is necessary; as a matter of fact, a good many of these projects have been approved by the President as required by law. What we want is to help them develop new ideas. We are continually worried for fear the Russians are getting ahead of us in this regard. We are giving them not \$250 million but \$50 million for this development. We think the chances of success are good. It is something we think should be done, and we want to help them. I now yield to the gentleman.

Mr. BENTLEY. Did these 36 projects of which you speak, did they originally come out of the \$50 million that we authorized and appropriated last year? Is that correct?

Mr. JAVITS. The 36 projects have been approved by the President and are within the appropriations we have provided. We believe it will eventuate in something very tangible and worthwhile. That is the point I have been making.

Mr. BENTLEY. These projects have been submitted to the President, approved by him, but can the gentleman answer whether negotiations have been concluded with any of the foreign governments which are to receive this money?

Mr. JAVITS. The committee were advised that the administration intends to go through with this program. It just seems to me when you consider the magnitude of the program and the many problems they have to meet which are peculiar to certain areas of the world, that to have an effective program we have got to be able to meet any potential enemy in terms of lively new weapons, the type of weapons we ought to be vigilant they are not getting ahead of us in. I ask the Committee to turn down this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. BENTLEY].

The question was taken; and on a division (demanded by Mr. JAVITS) there were—ayes 49, noes 35.

Mr. JAVITS. Mr. Chairman, I demand tellers.

Tellers were refused.

So the amendment was agreed to.

Mr. KARSTEN of Missouri. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and twenty-nine Members are present, a quorum.

The Clerk read as follows:

Sec. 106. Conditions applicable to military assistance: (a) Military assistance may be furnished under this chapter to any nation whose increased ability to defend itself the President shall have determined to be important to the security of the United States and which is otherwise eligible to receive such assistance. Equipment and materials furnished under this chapter shall be made available solely to maintain the internal security and legitimate self-defense of the recipient nation, or to permit it to participate in the defense of its area or in collective security arrangements and measures consistent with the Charter of the United Nations. The President shall be satisfied that such equipment and materials will not be used to undertake any act of aggression against any nation.

(b) In addition to the authority and limitations contained in the preceding subsection, the following provisions shall apply to particular areas:

(1) In order to promote an integrated defense of the North Atlantic area and to support concrete measures for political federation, military integration, and economic unification in Europe, equipment and materials of the value programmed for fiscal years 1954 and 1955 for nations signing the treaty constituting the European Defense Community shall, pending the coming into force of the treaty, be delivered only to such of these nations as have ratified the treaty, and have joined together in or are developing collective defense programs in a manner satisfactory to the United States as determined by the President.

(2) Military assistance furnished to any nation in the Near East, Africa, and South Asia to permit it to participate in the defense of its area shall be furnished only in accordance with plans and arrangements which shall have been found by the President to require the recipient nation to take an important part therein.

(3) In furnishing military assistance in the Far East and the Pacific and in carrying out the provisions of section 121 of this act, the President shall give the fullest assistance to the free peoples in that area, in their creation of a joint organization, consistent with the Charter of the United Nations, to establish a program of self-help and mutual cooperation designed to develop their eco-

nomie and social well-being, to safeguard basic rights and liberties, and to protect their security and independence.

(4) Military assistance may be furnished to the other American Republics only in accordance with defense plans which shall have been found by the President to require the recipient nation to participate in missions important to the defense of the Western Hemisphere.

(c) The Secretary of Defense shall insure that the value (as determined pursuant to section 545) of equipment, materials, and services heretofore furnished under military assistance programs authorized by acts repealed by this act or hereafter furnished pursuant to section 103 (a) to nations or organizations in each of the four areas named in this subsection shall not exceed the total of the funds heretofore made available for military assistance in that area pursuant to acts repealed by this act plus the amount herein specified for that area:

(1) In the European area (excluding Greece and Turkey), \$617,500,000.

(2) In the Near East, Africa, and South Asia, \$181,200,000.

(3) In the Far East and the Pacific, \$583,600,000.

(4) In the Western Hemisphere, \$13 million.

(d) Whenever the President determines it to be necessary for the purpose of this title, equipment, materials, and services of a value not to exceed 10 percent of the sum of (1) that portion of the unexpended balances referred to in section 103 (a) which was available on June 30, 1954, to furnish assistance in any of the areas named in subsection (c) of this section, and (2) the amount specified in the applicable paragraph of subsection (c) of this section for additional assistance in such area, may be furnished in any other such area or areas, notwithstanding the limitations set forth in subsection (c) of this section. Funds heretofore obligated or programmed or hereafter made available solely for the purpose of section 104 (pertaining to infrastructure) or section 105 (pertaining to the development of weapons of advanced design) shall not be included in the total fixed for each such area. Funds heretofore appropriated for military assistance in a particular geographic area but transferred from such use under section 513 of the Mutual Security Act of 1951, as amended, or under section 408 (c) of the Mutual Defense Assistance Act, shall be included in the total for the area for the benefit of which such transfer was made, and not in the total for the area from which the transfer was made.

Mr. FULTON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FULTON: On page 7, line 22, strike out "and" and insert the word "or."

Mr. FULTON. Mr. Chairman, could I point out to the House what this amendment means? Please look at page 7, line 22, and you will find there that I changed the "and" to "or."

Now, this is not just a simple dispute. This question is one of long standing. Previously, in the debate on the foreign-aid bill last year, there was an argument on whether, as Mr. RICHARDS proposed, the European defense community would have to be put in complete effect for any of those nations to continue to receive full aid. Or whether such nations who had ratified EDC individually and had done their part could have the aid continued, as my amendment then proposed, even though all the nations had not ratified and EDC was not in effect.

You remember the Richards amendment said that unless EDC—that is European Defense Community—went into effect, that 50 percent of the aid would be cut off from all those nations even though individually they had ratified it.

The Richards amendment said that the European Defense Community would have to come into effect before any of the possible members of it could have any aid whatever.

My position last year is really the present position in this bill, that even though EDC did not come into effect, if any of the nations ratified, then they were our allies and we should give them the aid, not cut it off.

This year my position may likewise be made 1 year ahead of time, because I am moving ahead to the future as I see it. I am moving ahead because there is some likelihood practically that the European Defense Community will not come into operation soon. My amendment would give the President the power to continue aid to any country which makes a satisfactory effort for collective defense, even though they have not ratified EDC specifically. The bill this year says these countries must have ratified the European defense treaty, and, I repeat, and have joined together in or developed collective defense programs in a manner satisfactory to the United States as determined by the President. My amendment this year says this to the European nations: If you will join EDC and ratify it, fine, because you have done your duty toward mutual defense. If you have ratified the European defense treaty, we will give you the full aid. But on the other hand, if you have joined together or are developing collective defense programs in a manner satisfactory to the United States as determined by the President of the United States, you will receive our cooperation and aid.

You may ask: Won't the Atlantic Treaty Organization take care of this? If we cannot get France to join the European Defense Community, why will not NATO do the job of defense? The trouble with that is that Western Germany is not in NATO, and France may refuse to permit Germany to become a member nation in NATO, as it takes unanimous consent. I believe Western Germany should be allowed to defend herself, and I want to do this in the European Defense Community if it can be done. If it cannot, I would proceed with other measures to arm Western Germany in a collective defense of western Europe. So, the word "or" means in my amendment that I will not insist on EDC, but I want EDC as one alternative, leaving other satisfactory mutual-defense arrangements open, within the discretion and to the satisfaction of the President.

I will cite as my authority none other than the Speaker of the House, the gentleman from Massachusetts [Mr. MARTIN], who on the floor in his speech adopted this alternative program this morning. In his speech on page 2—I have the original copy here—he uses my

exact word "or" instead of "and," which the bill now provides.

We have in Europe—

Says the Speaker—

as we do in Asia dependable allies. These nations have ratified the EDC. We must insist upon the completion of this essential defense program or else we must make alternative plans.

And, this morning when he said that, I believe he emphasized the point by stating that we must proceed immediately to make those plans. Now, if you do not adopt my amendment, it means this, that this Congress has decided that it will wait for the European Defense Community to be formed, for the whole year 1955, because the United States will not be able to give these nations the aid unless these nations have ratified EDC either in whole or individually. I want collective action by the free nations for the defense of Europe. My amendment will permit aid to be given to these free nations in Europe not only if they have ratified EDC, but if they have joined together in mutual defense arrangements which the President approves as satisfactory defense arrangements under the circumstances as the fiscal year 1955 progresses.

This avoids the rigid ban of aid for one year to France and Italy which will occur if they have cooperated in every way for mutual defense of Europe, but have simply not yet ratified the European Defense Community treaty.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

(Mr. FULTON asked and was given permission to proceed for 2 additional minutes.)

Mr. FULTON. The point of my amendment is this: I want Western Germany given the ability to defend herself, and in some sort of a security pact for Western Europe. I do not believe we should wait for the year for France to make up her mind in the matter of the European Defense Community, and we certainly should not withhold aid from France for this long period arbitrarily by this provision in the bill, when France may be doing her best under the circumstances although not through EDC, and what is more, cooperating for mutual defense in a manner satisfactory to the President.

I hope, for the security of the United States, that the House will give this administration the alternative to the European Defense Community, that is, give aid to collective defense programs and arrangements which may be worked out by the free nations in Europe in a manner satisfactory to the United States as determined by the President of the United States. We need that. We need that flexibility.

Mr. SMITH of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield.

Mr. SMITH of Wisconsin. It seems to me that changing the "and" to "or" gives France an escape. Once you adopt this provision, as I see it, you provide France with a means of escaping EDC completely; whereas, if you retain the language, then they either have to fish or cut bait on this proposition.

Mr. FULTON. Let us say this. Suppose France will not join EDC. If she will not join EDC, it puts us in this quandary. We have to cut off all aid to France for the fiscal year 1955, and we are very near the point where we would have to cut aid under the present status of the aid program under the current rigid Richards amendment now in the law. The former Richards amendment has not really started operating, because the deliveries have not really started much under this fiscal year 1954 program authorized by the bill last year. We will all admit that. There has been no real effect yet under that Richards amendment, but this rigid approach will start to strangle deliveries and cut off the aid programs to France and Italy substantially in the next few weeks.

We should say to these European countries, we want you to join in a collective defense security pact of some kind, and we will give you aid to help you, and ask that you adopt a feasible course which the President feels is satisfactory and will protect the aid the United States taxpayers give you. We should not insist rigidly on EDC as the only course, or aid will be cut off. This is not fair nor is it realistic.

You may say, Why does not NATO provide this defense organization? Let me repeat that, Why does not the North Atlantic Treaty Organization permit us to do what we want? France can veto Germany coming into the North Atlantic Treaty Organization. We therefore need EDC or an alternative defense arrangement among the free countries of Europe. We should encourage our good friends among these nations along these lines rather than threaten them with the cutting off of all defense aid under the present provision in this bill.

Mr. RICHARDS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I am opposed to the amendment and I want to tell you why. It will be remembered that in the bill last year we cut off all military aid to six countries in Europe, so-called EDC countries, until all ratified the EDC treaty. The amount involved was something less than \$1 billion, something between \$800 million and \$1 billion.

Those six EDC countries were Germany, Luxembourg, Belgium, Holland, France, and Italy. None had ratified the treaty, with the exception of Germany, under the leadership of that great statesman, Adenauer.

The amendment provided that these countries could not get this military aid until they have ratified the EDC Treaty and joined together for collective security, as General Gruenther and General Eisenhower, and General Ridgway had repeatedly testified was necessary if any effective defense of Europe was to be had in the future. After that provision of last year's mutual security bill, Belgium, Luxembourg, and Holland ratified the pact. That left France and Italy outside.

In this bill, we have a liberalization of the prohibition of the 1953 act. Its purpose and meaning is as follows:

The principal purpose of this provision is to emphasize the importance which

the United States Government attaches to European unity, and particularly to the plan for a European Defense Community. Some of our foreign friends appear to have misinterpreted the provision to mean that the committee favors some kind of alternative to the EDC Treaty. Nothing could be further from the truth. We believe that the EDC Treaty is by far the best method now available for dealing with the problems of German rearmament, French-German cooperation, and European integration as a whole. It is hoped that the new provision will provide a strong incentive for those nations which have not yet ratified the EDC Treaty to do so promptly.

At the same time, the provision realistically takes account of the fact that the rejection or indefinite delay in realization of EDC would create a new situation, and that the United States Government would be compelled to consider new measures to attain its security objectives. It is not possible at this time to determine what the results of an agonizing reappraisal of our foreign policy might be. However, it is clear that the President should have considerable flexibility in pursuing new approaches.

To clarify the meaning of the new provision, let me point out that countries which have already ratified the EDC Treaty are now eligible for aid, provided they are cooperating in collective defense arrangements to the satisfaction of the President. As long as the United States Government supports EDC and believes there is a good chance for its ratification, the countries which have ratified EDC can be qualified to receive aid on the basis of satisfactory cooperation in NATO or the development of programs preparatory to EDC. On the other hand, if it should unfortunately become clear that EDC cannot be realized, the language of the provision would enable the President to undertake a new approach to European security and to work out alternative arrangements to qualify the countries which have ratified the EDC.

It is meant particularly to give encouragement to Germany that other methods and measures permitting her rearmament in the face of Communist aggression and threats are being and will continue to be explored in the event the EDC agreement, first proposed by France, does not come into being.

In summary, I believe the new provision serves the double purpose of encouraging ratification of EDC and providing the President broad flexibility to deal with various unforeseeable situations.

Mr. FULTON. Mr. Chairman, will the gentleman yield for an explanation?

Mr. RICHARDS. I yield to the gentleman from Pennsylvania.

Mr. FULTON. Is it not correct that my position last year was just about the position that is in the bill?

Mr. RICHARDS. I do not yield for a statement. I yield for a question.

Mr. FULTON. I am trying to clear up my position. It was the same, practically, as the bill this year, that I would give it to each one who ratified, but this particular year we are to the point where

my position says, if they will join another collective defense agreement, even though it is not EDC, I will give it to them as long as the President approves.

Mr. RICHARDS. That is what the gentleman's amendment stated: On line 22, page 7, "such of these nations as have ratified the treaty, or." That leaves this bill just where last year's bill would have been had his amendment been adopted then.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from Ohio.

Mr. VORYS. Would the gentleman not say that under the Richards amendment as drafted by the committee this year, actually by the gentleman himself in collaboration with the executive department, without change, any 1 of the 4 nations that have now ratified which joins together in or develops collective programs in a manner satisfactory to the United States, as determined by the President, will be eligible for assistance?

Mr. RICHARDS. Yes, any of them. In that connection, I want to say this: There is a twofold purpose in this provision in this bill. One is to encourage Germany. Right now they are losing heart because France refuses to ratify, and France proposed this European Defense Community. The German people are becoming restless. I want to reassure them that if EDC is not consummated there is still a way by unity of effort on the part of those who ratify. At the same time, I want France, our old friend France, to take notice that EDC, while the most important defense step yet to be taken in Europe, is not everything, and that there may have to be, in the words of the Secretary of State, an "agonizing reappraisal" of the situation in Europe unless EDC is ratified.

Mr. FULTON. Then the difference in the positions of the gentleman from South Carolina and me is this. I say to France and Italy, "Even though you have not ratified, if you will nevertheless proceed with defense on your own motion, then if the President approves we will give you something."

Mr. RICHARDS. No. The gentleman from Pennsylvania says, "You will get it whether you ratify EDC or not." That plainly means EDC will never come about.

Mr. FULTON. And if they do not join, they do not get anything, for France and Italy.

Mr. RICHARDS. You say if you do not join, you get the money anyway by another and devious path.

Mr. FULTON. Yes; I say that.

Mr. COLMER. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield.

Mr. COLMER. As I recall, the distinguished and able gentleman from South Carolina had a provision in the bill last year denying these funds to France and Italy and some other countries unless they participated and joined up in the pact. What happened in that instance? I am sorry to have to say to the gentleman that I could not quite hear him.

Mr. RICHARDS. Well, this is what happened, they have not received the money.

Mr. LANHAM. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I am in favor of the Fulton amendment. I voted for both amendments when they were offered in the committee. Because neither was adopted, I voted against the modified Richards amendment. My position is this, and I think it is sound. France is ready to do something. The Richards amendment this year would require them to join the EDC—not any other plan, but would require them to ratify EDC. France says, "We do not want to do that because it means a loss of our sovereignty." But, Mendes-France, the new Prime Minister, has said, "First of all, I am going to get peace in Indochina by July 20 or I am going to resign." Now, he may sign a peace treaty that we do not want to see him sign, but he thinks it is necessary in order that he may then give his attention to restoring the economy of France. That is the second thing he has pledged to his people to do, and that is why, apparently, the legislative body in France is backing him up, and it seems to be the reason why he is getting the support of the people of France. The third thing he has said he is going to do is this. He says, "I am going to find some substitute for, or some compromise on, the EDC." In other words, he is going to do just what he would be permitted to do, and to get the benefits that his country would get if this amendment is adopted. If you do not adopt this amendment, then for another year we are not going to have any community of effort—political effort in Europe, and this is going to put off the unity that we ought to have, in the face of the Communist threat.

Mr. McCARTHY. Mr. Chairman, will the gentleman yield?

Mr. LANHAM. I yield.

Mr. McCARTHY. Is it not true that there was restrictive language placed in the bill last year, which applied to France and Italy in an attempt to force them to join the EDC and that it was ineffective?

Mr. LANHAM. It was ineffective, of course.

Mr. McCARTHY. And there is no reason to believe that the language will force them now, any more than the language that was put in last year?

Mr. LANHAM. I do not think you can force France to do anything. I do not think you can force any country to give up its sovereignty.

Mr. RICHARDS. Mr. Chairman, will the gentleman yield?

Mr. LANHAM. I yield to the gentleman from South Carolina.

Mr. RICHARDS. Is it not true that since the adoption of the amendment last year three of those countries have ratified it?

Mr. LANHAM. They were going to do it anyway. There was not any trouble in those other countries. It has always been Italy and France. You have held it over their heads for a year and we have lost time. If we lose any more time

we are going to lose Germany, because Adenauer is losing part of his support due to the delay.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. LANHAM. I yield to the gentleman from Pennsylvania.

Mr. FULTON. Is it not true that under the bill as it now stands, unless Italy and France ratify EDC they will not get any aid?

Mr. LANHAM. Exactly. That is exactly what it means.

Mr. FULTON. And if they join the organization they can get aid?

Mr. LANHAM. Yes.

Mr. SMITH of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. LANHAM. I yield.

Mr. SMITH of Wisconsin. I am wondering if the gentleman can give us an illustration of how this would work. I cannot conceive of any other agreement France might enter into which would justify the use of funds in this section.

Mr. LANHAM. They might do what England has agreed to do. They have not agreed to join EDC but they have agreed to integrate their army into the European army. Let us not try to force people of France and Italy to sign something that they are not going to sign, because we are going to lose Germany if we do not get something done soon.

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. LANHAM. I yield.

Mr. JAVITS. I stood with the gentleman on this position and I intend to offer another alternative to the very general idea the gentleman is discussing. Is it not a fact that France and Italy could make a collective defense agreement, they are in NATO now, in fact, and if this amendment were adopted could qualify under this act?

Mr. LANHAM. Yes, sir.

Mr. SMITH of Wisconsin. If this restriction is removed it means we are going to give them the money, regardless.

Mr. LANHAM. No; it does not. It says "if you will enter into some agreement satisfactory to the President we will give it to you." But it does not have to be EDC.

Mr. SMITH of Wisconsin. Is that not fiction and not reality? We have had no illustration as to how the proposed amendment might work.

Mr. LANHAM. We have no reality now. Perhaps a little of what you call fiction would help. If we can get some unity I do not care whether it is a reality or a fiction.

The CHAIRMAN. The time of the gentleman from Georgia has expired.

Mr. VORYS. Mr. Chairman, I rise in opposition to the Fulton amendment.

Mr. Chairman, if we adopt this amendment it is perfectly clear that it will be considered that the Congress is now backing away from EDC, and it would be, in my judgment, impossible to ever get any ratification of EDC. Now, remember, EDC is a plan that was devised by France. The treaties have been rewritten by the French, and now they have been marking time, and in my judgment the Richards amendment last year

has helped to keep the thing moving that otherwise might have died. Let us remember that the joint communique issued within the past 24 hours by our President and his distinguished visitor, once more points up the importance of moving to conclude and ratify EDC by France and Italy. In this same section we have language that has been written in here and has been the purpose of the Congress over a series of years. Realizing that Europe must unite or it cannot get along either in peace or war, we wrote in the language on page 7: "In order to promote an integrated defense of the North Atlantic area and to support concrete measures for a political federation, military integration, and economic unification in Europe." It is in order to encourage those things that we make this equipment and materials for these 2 years available to the nations that sign EDC. If you make it available to them whether they ratify or not, you are taking a step toward destroying the thing for which there is no alternative as yet.

So I hope this amendment will be defeated.

Mr. FULTON. Mr. Chairman, will the gentleman yield for a question?

Mr. VORYS. I yield.

Mr. FULTON. Would you tell me what the Speaker meant when he talked today on EDC? He said: "These nations have ratified the EDC. We must insist upon the completion of this essential defense program or else we must make alternative plans." You will notice the Speaker uses the word "or," just as in my proposed amendment to state what he has in mind if EDC does not work.

Mr. VORYS. We have the alternative right in here: If they have joined together for developing a collective defense program—that includes Germany—in a manner satisfactory to the United States as determined by the President.

I think our Speaker had in mind this Richards amendment provision when he used those words.

Mr. LANHAM. The gentleman used the word "or" when he read it. He did not read it like it ought to be.

Mr. SPRINGER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I would like to ask 2 or 3 questions at this point of the gentleman from Ohio and perhaps of the gentleman from South Carolina.

Is there any provision in this bill at all by which the President can rearm Western Germany outside of the manner in which the gentleman from Georgia [Mr. LANHAM] has just suggested?

Mr. VORYS. Yes; I will answer that. If the gentleman has been listening, I explained how under the language that now is in the bill in line 22, a country that has ratified the treaty if it joins together in or is developing collective defense programs in a manner satisfactory to the President can get arms under the bill as the committee presents it to the House—and I want to be corrected if I am wrong in my interpretation.

Mr. LANHAM. Mr. Chairman, will the gentleman yield?

Mr. SPRINGER. I yield.

Mr. LANHAM. But first it would have to ratify EDC.

Mr. SPRINGER. Germany has ratified EDC.

Mr. LANHAM. I know, but you say other countries must also ratify EDC.

Mr. RICHARDS. Mr. Chairman, will the gentleman yield?

Mr. SPRINGER. I yield.

Mr. RICHARDS. The gentleman from Ohio said no such thing. He said that the countries which have ratified EDC, even though some other countries have not ratified, could still join together in some form of cooperative collective effort for defense, under such terms and conditions as the President of the United States would approve.

The object was not to penalize those countries who still had the cooperative spirit and had shown it by ratifying EDC.

Mr. SPRINGER. The answer then—and the gentleman from South Carolina may correct me if I am wrong—is that there is authority in this bill to provide for the rearming of Western Germany regardless of what anyone else does with reference to EDC.

Mr. VORYS. That is correct.

Mr. RICHARDS. Now, wait a minute—

Mr. FULTON. There is the answer.

Mr. RICHARDS. As a matter of fact one purpose of the provision is to encourage Germany, and to give some hope that, even if France never ratifies EDC, some way is going to be found to help Germany on the road to a decent defense posture so necessary to the defense of Europe.

Mr. SPRINGER. Then this does give Germany the authority to go ahead, and it gives the authority to the President to go along and aid them before EDC is ratified by all parties to that compact?

Mr. RICHARDS. We hope so, in the NATO framework—or outside.

Mr. SPRINGER. Let me ask the gentleman from South Carolina a little further: He uses phrase "hope so." Does he think there is authority given here to do it? It seems to me we are short of something if we go ahead on this European defense and we do not get Western Germany into this thing.

Mr. RICHARDS. Those are difficulties, I readily admit.

Mr. SPRINGER. Can the gentleman explain that way out? I have not determined how Germany is going to be rearmed.

Mr. RICHARDS. I think there are other ways outside of EDC and outside of NATO.

Mr. SPRINGER. Is that in this bill?

Mr. RICHARDS. It is suggested in this bill, dependent upon the President's decision.

Mr. FULTON. Here is the problem: Certain countries either cannot or will not join EDC because they will lose their sovereignty. I would give these nations a chance to join another organization satisfactory to them and to the President, which would be a defense organization, in which they would not lose their national sovereignty. As an alternative I want to give them the chance to join up in collective security for Europe

and not lose their national sovereignty by being forced to join EDC.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

(At the request of Mr. SPRINGER, and by unanimous consent, he was allowed to proceed for 5 additional minutes.)

Mr. FULTON. The reason that NATO cannot do this job is apparent. That is why on the amendment as it now stands it must be said, "We hope so." That is the point that the gentleman from South Carolina brought out. Western Germany is not now a member of NATO, and France would probably veto Germany's coming into NATO. Under the treaty, new members must be approved by unanimous consent. If Western Europe could get together in some sort of a collective arrangement, just as Britain wants to join with them, it would be a good thing to encourage, as well. So I would be willing for the free nations of Europe to join together voluntarily in a defense pact as we propose to do in south Asia, without forcing, for example, the United States to give up its sovereignty. Why do we not let the other countries do the same thing?

Mr. JUDD. Look at the language. The answer is very clear. It says that aid can go to such nations "as have ratified the treaty." There are four who have ratified the treaty "and have joined together in or are developing collective defense programs in a manner satisfactory to the United States as determined by the President." Four of them have ratified the treaty. Four of them are joined together in ratifying EDC. Perhaps they can start off as a sort of rump EDC. If the President of the United States declares their organization, the organization of the four for collective defense, satisfactory to him, we can and will start arming Germany tomorrow under this language. It is just as plain as day.

Mr. RICHARDS. Here is what we seek to do. The gentleman was right when he said that France could prevent the rearmament of Germany by veto, under the North Atlantic pact. Through this provision we seek to encourage those who have ratified EDC to find other channels of cooperative effort, and provide funds for the venture.

Mr. VORYS. I want to read language contained on page 26 of the report. This happens to be language approved by the executive branch, because we wanted to make it crystal clear what we all had in mind:

The basic requirement remains that a signatory of the European Defense Community Treaty must have ratified that instrument before it can qualify for assistance. The continuation of this provision reemphasizes the importance which the United States attaches to the European Defense Community. The language adopted, however, recognizes the fact that a new approach to mutual American and European security objectives may be necessary if the European Defense Community Treaty is not ratified and provides the President with the means to pursue such an approach. It is not possible at this time to foresee what situation would follow nonratification of the European Defense Community Treaty, nor to anticipate the consequences of an agonizing reappraisal of United States foreign policy which would be

made necessary in such circumstances. However, it is believed that the language adopted is sufficiently broad to provide the President with the necessary flexibility in meeting future contingencies.

You will note an item on page 9 of the committee report of \$384 million, "Undistributed by Country," and a footnote saying that mutual-defense money for Germany is contained within that amount. Thus this bill provides authorization for arms for German forces, showing the results we hope for under the Richards amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. FULTON].

The question was taken; and on a division (demanded by Mr. FULTON) there were—ayes 5, noes 74.

So the amendment was rejected.

Mr. JAVITS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JAVITS: On page 7, line 14, after "(1)", insert "It is the sense of the Congress that" and replace the capital with a small letter in the word "In."

Mr. JAVITS. Mr. Chairman, as far as I know now this is the only amendment that I have to this bill. I would not raise the subject unless I was deeply convinced of its great importance, and I believe the debate on the Fulton amendment showed its great importance.

The question is: Will the Congress write into law a prohibition against the supply of arms out of new appropriations either for the year 1954 or 1955 to France and Italy, or will it leave the last word to the President, expressing to the President its sense in the case which we know has great persuasive power and great prestige? This is the issue, and I would like to restate it, because we seemed to be all over the lot before. Shall France and Italy get arms—we are not talking about any other kind of aid, but arms—out of the 1954 and 1955 appropriations, or shall those arms be withheld unless they ratify respectively the European Defense Community and shall we say this absolutely by force of law; or shall we give the President the final jurisdiction over the case expressing to the President what we want done on the question of policy? My amendment seeks to take a fair alternative and express to the President what is the sentiment of the Congress, but not to tie the President's hands absolutely for a year or such sooner date as we change the law or such sooner date as the European Defense Community is ratified by France and Italy.

I offer this amendment because I think it is extremely important in a touch-and-go situation such as we are in now in the world and where the Richards amendment is beginning to be put into effect. There was nothing done about it and nothing needed to be done about it until now, because no arms were deliverable to either of these countries under the 1954 appropriation until very recently. But now—and I should like to state this as a fact—arms are beginning to back up due to the Richards amendment. They have to be put in storage; arms which otherwise would be delivered

to France and Italy. So the shoe is beginning to pinch in terms of arming our allies.

Why do I say that we should take a new tack in this situation, declaring very clearly what is our policy—and it certainly is as evidenced by the decisive vote of this House—but not fixing it into law? You have got a new Premier in France, Mendes-France and he said that he is going to do some things within 30 days. Many very capable observers ascribe the fact that French governments have been so plagued on foreign policy issues to the fact that the politicians who desire to say so, have been able to claim that France is being threatened, that she is being compelled to do things. Obviously we are making a condition here for arms assistance to France, that she must do a certain thing. Congress is saying that otherwise she shall not get those arms.

Let us not forget one other very critical and important fact. The French are mortally afraid of the Germans. It is an undeniable fact that they are. And who would say that they have not the right after three wars of devastation since 1870 in France itself?

If we leave this bill as it is and make this provision mandatory—which it is—we are, in effect, saying that we are willing to accept a coalition of Belgium, Holland, Luxembourg, and Germany, and thereby by-pass France. Nothing could scare the French more than that. This is the very thing that they are constantly concerned about.

Let me emphasize that there is nothing in this bill that stops arms to the German Federal Republic. Those are questions outside this bill. But if this provision be left in the bill it is France and Italy that are to be denied arms.

France and Italy are members of NATO. Let us never forget that. They are bound in a contractual defense agreement now. The NATO agreement runs for 25 years. What I say is that you should not as a matter of the soundest kind of policy in this very trying situation which we face, absolutely tie the President's hands so that he cannot let any arms go to France and Italy out of these new appropriations, either for last year or this year, without violating the law; but that you should express it as your view that this is what ought to be done and give him that flexibility.

The committee report itself recognizes that the Richards amendment was too tight in 1953 and must be relaxed and on page 26 it says:

However, it is believed that the language adopted is sufficiently broad to provide the President with the necessary flexibility in meeting future contingencies.

But the provision in the bill is not sufficiently flexible, because it absolutely cuts off arms aid to Italy and France unless they ratify EDC, which is something we strongly want them to do. I think that is the really intelligent way to rearm West Germany, and I have supported EDC throughout. But we should not absolutely cut off the flow of arms and give such French politicians who may be against EDC and who want to make political hay out of it, the oppor-

tunity to say that we are seeking to coerce France to ratify the EDC.

Mr. MORANO. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield.

Mr. MORANO. Does not the gentleman think really that it is time that the French and the Italians made a decision on the matter of EDC and either voted it up or down, so that we may proceed with possible alternatives.

Mr. JAVITS. May I say to my dear colleague that it is time and that the Congress will have said so if they adopt my amendment. But I am suggesting that we do not go that one step further which often makes people say "No" who want to say "Yes"; and the gentleman has enough spirit to know that. Often people will say "No" when they want to say "Yes," when they feel that they are being coerced by one who wants them to say "Yes."

Mr. RICHARDS. I rise in opposition to the amendment.

Mr. VORYS. Mr. Chairman, will the gentleman yield to me?

Mr. RICHARDS. I yield.

Mr. VORYS. The Richards amendment was written into law when the President signed it last year. If it ties his hands, he has deliberately tied his own hands. The language appearing in this section right now is approved by the executive department. If it ties the President's hands then he wants his hands tied. This amendment would make of something which is a prohibition in law into a mere pious gesture. I hope it is defeated.

Mr. RICHARDS. The gentleman is correct. If the President is opposed to this item, he has not said so. I want to give you the history of this in the few minutes that I have. I have supported the foreign-aid program from the beginning. I think it has accomplished a great deal. It was an investment we had to make and a chance we had to take. But I could never join with some of my friends who have supported the program in the position they seem to take that in sending billions of dollars abroad we do not have any right to attach conditions. I reject that theory.

Here is what is happening. All the military men, all the political men, testified that Europe could not be successfully defended unless there was unity there. Mr. Schumann, the great man of France, sponsored the European Defense Community, and the EDC treaty was signed by representatives of every country, including France. What did we do? We said, "All right, you have promised unity there. We have told you that you must have military and economic unity in Europe, and you agreed. You signed this treaty. We are going to help you. You are going to have our support and send you money." And we did send them billions of dollars. There are still hundreds of millions of dollars that France and Italy can get to strengthen their defense establishments. I mean money already in the pipelines, before fiscal 1954 and 1955 to which the restriction applies.

France proposed EDC, and four nations ratified it but not France. Do not

think for 1 minute that my amendment last year kept any nation from ratifying EDC, because most of the four were ratified afterward. It is not keeping France and Italy from coming in. France does not want to ratify anything, it does not want to see Germany rearm, unless on her terms and unless she gets what she wants in the Saar. Italy will not ratify because she wants Trieste. They are just welshing on what they have agreed to do.

I have never understood why Members of Congress willingly vote billions of dollars to arm American boys and send them into battle and at the time refuse to spend one-tenth as much to arm others to stand by their side. Neither have I ever been able to understand the logic of those who vote billions in defense to other nations, yet take the position that we have no right to attach conditions thereto.

This is no slap at France, or Italy. It is simply commonsense. I am opposed to the gentleman's amendment.

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from New York.

Mr. JAVITS. I might say I am sure the President would not veto this bill no matter how we vote.

Mr. RICHARDS. I reckon not.

Mr. JAVITS. But may I ask the gentleman if the gentleman has confidence in the President, why does he not give him the modicum of flexibility which I suggest the world situation dictates? If the gentleman knows the President is not going to give them the arms, why should he oppose it?

Mr. RICHARDS. We have had flexibility in all of these foreign aid bills. We have made many suggestions as to unification, military and otherwise, without success. Now we must say "the money is cut off unless military unity really comes about." If France thinks for one minute that on account of her holding back on the ratification of EDC that Germany is not going to be rearm, in some other way and with the support of the United States, she is simply pursuing a mirage because Germany must be accepted back into the family of nations and must be permitted to defend herself.

Mr. RIVERS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I realize I do not have the background to discuss foreign policy. I have only been here 14 years, during none of that time have I served on the Committee on Foreign Affairs, but I have served for 14 years on the Committee on Military Affairs. I have been to Europe a number of times along with the duly designated members of our committee in an effort to try to find out what was going on over there militarily. I think one of the best things that ever came before this Congress is the Richards amendment to the last mutual aid bill. We told the French and those who do not want to do anything but drag their feet that they could not get aid under that bill. Now for someone to come along and try to repeal that means that they are faced with two proposi-

tions. One is that they are going along dragging their feet with France, and with Italy, and the other is that they just plain do not want to see Germany rearm. I do not care how you word your amendment, it means you just do not want to see Germany rearm. Anybody with any brains at all who has been to Europe—

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. RIVERS. Wait a second. You did not yield to me.

Mr. JAVITS. I tried to.

Mr. RIVERS. You did not try.

As I was saying, Mr. Chairman, anybody who has ever been to Europe and seen Western Germany knows that you cannot oppose Russia and keep Germany lying prostrate on the field of battle. Everybody knows that.

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. RIVERS. I do not yield.

Mr. JAVITS. The gentleman is speaking about me.

Mr. RIVERS. I am not speaking about you—I am speaking about RIVERS.

Mr. Chairman, anybody who has been to Germany knows that Adenauer is staking his entire political future on their alinement with the Western powers, notably the United States, and for us to cut him down from behind under the guise of France not being willing to go along with EDC, which as the gentleman from South Carolina [Mr. RICHARDS] said, "They created under Schumann—the only statesman to come out of France since the Napoleonic wars—they created this EDC and now they are stabbing it in the back." I was there last year. I will tell you what a Frenchman told me. I actually listened to him because I could not speak French and he could not speak English. He told me, "They got a time table. They are going to conquer us again in 5 years." I said, "Well, I come from South Carolina, son, if anybody told me he was going to conquer me in 5 years, I would get busy and raise me an army. If I were you, I would raise an army." I say to you, my colleagues, France would rather hate Germany than arm and protect themselves. Now the only language they understand is just the thing that is in this proposition here today, and when we tell them you are not going to get a dime out of this proposition, and I have voted for every one of them—and I do not think I was right all the time—but somebody had to help DICK RICHARDS. If they find out that they are not going to get any money, that we are going to arm Belgium and Luxembourg along with Germany, they will get busy. One thing, they have not given us base rights in France, and they have not given us base rights in Italy. They have not given us anything but conversation and we have given them the American eagle. The American eagle has flown all over there, and now is the time to get behind that eagle and you will see business pick up.

Mr. GAVIN. Mr. Chairman, will the gentleman yield?

Mr. RIVERS. I yield.

Mr. GAVIN. I wanted to ask my colleague who is a member of the Armed

Services Committee, Do you not believe that if we had 25 German divisions with proper support on the line in Europe it would do more to stop the Communist threat than anything else that we could have? It is not a question of dollars, it is a question of strength and building up our defense. Does not the gentleman agree with me?

Mr. RIVERS. Of course, you said that almost as eloquently as I could say it. You are absolutely right, and if we do not hurry up and arm Germany, time is running out. Let us get busy now. I am behind the gentleman from South Carolina, DICK RICHARDS. Nobody can stop us. Let us get behind this.

The CHAIRMAN. The time of the gentleman from South Carolina has expired.

Mr. FULTON. Mr. Chairman, I rise in support of this sense amendment because it clearly gives to the President of the United States the right to do what he wants in his discretion, instead of writing the provision as a matter of affirmative law and express prohibition, preventing action by the President, although he thinks a certain other course is right.

Everyone here should remember that the European Defense Community is an organization to have the various European nations give up their nationality, their sovereignty. Those of us who are here today making this fight may probably go down to defeat; but sometimes in the bitter fruits of defeat there is victory. We people who had this fight last year to get this House to adopt its present position lost to the old Richards amendment, but the idea of relaxing the strict provisions was implanted. The administration and the Foreign Affairs Committee's present position was the Fulton amendment of last year which was defeated at the time. On page 7111 of the CONGRESSIONAL RECORD of June 19, 1953, the gentleman from South Carolina [Mr. RICHARDS] joined others, including Mr. VORYS, of Ohio, and defeated me, and defeated me soundly. But right now the defeated position is the position of the administration in this House. My position today is that this does not go far enough under today's circumstances, and we should show more cooperation by giving the opportunity to the President to offer these nations various alternatives. A man who stood with me on that amendment last year to try to get aid to the allies who ratified EDC was the gentleman from New York [Mr. WAINWRIGHT], who likewise foresaw the probable developments in Europe, and I want to credit him publicly and thank him, as well as the gentleman from Georgia [Mr. LANHAM]. I was proud to stand with them, and there were only a couple of us, but we raised the issue, and we are doing it today. I hope that this particular debate can be remembered by the House, because then it was said, "Let us get on with the debate or we will waste the whole afternoon." In fact, the gentleman from Ohio [Mr. VORYS] said, "The point is this, that we will either dispose of this subject promptly, or spend a lot of time on it. The way to do it is

to vote down this amendment and go on to some other subject or we will spend the rest of the afternoon debating the merits and demerits." It is too important a matter to be finished quickly, as it vitally affects the defense of all of Europe.

The Fulton amendment on EDC was last year as follows:

This section in the interests of the security of the United States shall not operate to deprive of aid nor penalize nations who have fully ratified the treaty to create the said organization, because of the lack of action or failure to ratify by any other nation.

That is the position today on this bill. But the point we make to you today is this, that the two nations who have not ratified are Italy and France. They do not want to give up their sovereignty, their nations, to EDC. They do not want to join the European Defense Community. Why, then, not let them, under my proposed present provision, join a new defensive arrangement like NATO, with other European nations as we have done for the Western Hemisphere under the Rio Pact, and even now have in southeast Asia under the Anzus Pact? The United States has also proposed a mutual defense pact for other free Asian countries along these lines.

Why, then, is it not a feasible alternative for the administration to be permitted to consider for Europe, and aid could be given through such an organization? I do not understand the rigid position at this time of saying that if our allies do not specifically ratify the EDC treaty alone, that aid will be cut off to the nonratifying countries, France and Italy, for a whole year. And this even though they may offer every other cooperation for their individual defense, and for the mutual defense of Europe.

I therefore plead with the House not to deprive France and Italy, our good friends, of aid under the provisions in this bill. These people have stood by us, and were our good friends who fought with us in World War II. While Italy joined later, the Italian people certainly proved a real help to our cause. We should not deprive them of funds for their country's defense because they refuse to give up their sovereignty at our request in order to become eligible for this year's aid. I feel for them and their loyalty to their country's traditions, and it is a hard decision to be forced under these circumstances from the outside.

I would not give up the sovereignty of the United States of America for a little or a lot of foreign aid from any other country. Why should we put on our aid the condition that unless these nations agree to give up their sovereignty to a general European defense community, give up their traditions, that they will not get the relatively few dollars of aid from us in this year's authorization?

Instead of forcing me to give up my sovereignty, I, like these nations, would stand and say "On those conditions, keep your money." I would not take it. We must give France and Italy a fair and free decision on their own national existence.

We Members who are on the floor today arguing this, want to give these nations that have not ratified EDC, that have so far chosen not to give up their own sovereignty, the right to join another organization such as we in the United States would join for the defense of Europe. It could be done under a similar pact such as proposed by Mr. Dulles, the Secretary of State of the United States, for the South Pacific.

The United States does not give up our sovereignty when we join a defense pact under section 51 of the United Nations Charter. Why then put on a dollar sign and a condition and say to these other nations: "You must join such an organization as EDC, or you will be taken over by the Communists, because the United States will cut off your mutual security aid for a whole year."

Of course, we who believe thus should raise the issue. Of course we would ask to join us, you who believe in United States sovereignty, for example, Mr. Gwinn there, who defends American sovereignty. We should not vote for other nations to give up their sovereignty for the few dollars in United States aid for their defense budgets, I am sure of that.

And if that is the case, let us stand up for these nations, these friends of ours. Let us get cooperative action for mutual defense and assistance, rather than rigidly insist at this time on EDC ratification alone as the test for continuing aid for the current year. We need allies and friends, and should offer constructive alternatives that we can all join in wholeheartedly. This is mutual defense by agreement, and not by lever. This is mutual aid for mutual defense on a basis of mutual respect. We need to adopt such a course as the United States policy.

Mr. McCARTHY. Mr. Chairman, I rise in support of the amendment.

The CHAIRMAN. The gentleman from Minnesota is recognized.

Mr. VORYS. Mr. Chairman, will the gentleman yield for a consent request?

Mr. McCARTHY. I yield.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 10 minutes, after the gentleman from Minnesota has concluded.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. McCARTHY. Mr. Chairman, I think the record shows rather clearly that the method which is proposed in this bill has not been effective. I recall the famous ultimatum of Secretary of State Dulles issued last spring in which he gave France until April 15 or April 30 to ratify EDC. The response on the part of the French was one of resentment and protest. It gave a great deal of fuel to the Communist forces in France.

Restrictive language was included in last year's authorizations for this same purpose. It has been admitted on the floor that this was not effective in bringing Italy or France into EDC.

Is there any reason for us to believe that putting the same or similar language into this bill will be any more

effective than the ultimatum of last spring was effective or than the language placed in the bill last year was effective.

The gentleman from Ohio [Mr. VORYS] has said that the administration is in favor of the restriction. It may be that Secretary Dulles thinks that he can go into this contest with one hand tied behind his back, or with both hands tied. If so, he has more confidence in his powers than I have. We have seen what happened at Geneva. I do not know whether the Secretary feels that he went into that Conference with his hands tied or not, but the record shows that in that Conference he was nearly helpless and the principal negotiations and deliberations had to be carried on by the representatives of other nations.

I do not want to be a party willingly to the passage of a bill which will tie the hands of the Secretary of State. I think we should give him authority and should give him freedom to negotiate and then hold him responsible for his actions.

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. McCARTHY. I yield.

Mr. JAVITS. I just wanted to state to the gentleman on this question of what the administration does or does not want about the Richards amendment that it is my conviction that the administration said the provision in the bill was acceptable to them, because they knew they were going to get something like this and they thought this provision was better than what they had before and the best they could probably get.

Mr. McCARTHY. Even if the administration asked to have its hands tied we should not perform the act.

The gentleman from Ohio [Mr. VORYS] also said there was no alternative to EDC. If that is the case then France and Italy should see the light. If there is no alternative they ought to come in, and we should not have to force them. If there is an alternative, however, it is to the advantage of the United States to leave the way open to go in and give help to them. If they do not go into EDC, or if they find a better way to do it, we ought to leave the way open for the granting of aid so that we can help to work out the alternative that may develop.

We must realize that the United States cannot stand aside observing the shifting of the balance of power in the rest of the world. We could do that in the 19th century and in the early 20th century. But that time has passed. We need to realize, with all the sobriety of historical awareness, that we are ourselves in the scales today in this struggle for balance of power in the world. What is called for is responsibility and maturity.

The CHAIRMAN. The Chair recognizes the gentleman from Georgia [Mr. LANHAM].

Mr. LANHAM. Mr. Chairman, the question here is not whether we have the right to write into this bill limitations such as the Richards amendment provides. The question is, Is it wise to do so? There is not any question but that we made a mistake last year in adopting the Richards amendment. It

has been proven that we who opposed it were correct. Even the gentleman from South Carolina [Mr. RICHARDS] has agreed to the change this year. The gentleman from Pennsylvania [Mr. FULTON] offered to amend the bill last year by striking the amendment of Mr. RICHARDS. I supported him because I saw then that the Richards amendment was too severe, that it was not going to have the effect that the proponents honestly thought it was going to have.

The question is this year, Shall we continue in this bill provisions that are too restrictive although they have been agreed to by the executive department? There is not any question but that they accepted them because they knew, as the gentleman from New York [Mr. JAVITS] has said, that they were going to get something worse. As a matter of fact, Mr. Dulles said that in effect in a recent speech. He said, "we know that the language this year is too stringent and we prefer the new amendment to the continuation of the old one," or words to that effect. The question is, Shall we tie the hands of our Secretary of State and our President so that they cannot meet the rapidly changing conditions in Europe? I do not think we should.

Mr. Chairman, of course there is flexibility in this bill as far as the four countries who have already ratified are concerned; but there is absolutely no flexibility in this bill as far as Italy and France are concerned. There is a great deal of misunderstanding about the position of France. General Gruenther told the committee what the situation was. He said to us, "I think it would be a mistake to write any sort of restriction like this into the bill."

That was General Gruenther's statement. He is right there with the French people and he knows the problems they are having to deal with. He said, "If I had to go in and deal with the Foreign Minister of France with his desk piled high with problems he cannot solve, I would feel like a heel if I had to go in and beat him over the head with such a restriction as this."

He said that the French are reconciled to the rearmament of Germany. Of course, we must rearm Germany. He said that the French are reconciled to that, that the only thing they did not want to do is to give up their sovereignty under EDC. That is what this bill requires as now written. What we are trying to get is some flexibility so that if we do have to make a reappraisal, and we are going to have to do that, the President will have the power to take some other form of European unity other than EDC, which is a super government and which England has refused to go into. Why should we insist that France join that supra government if she is not willing to do it?

Mr. RICHARDS. Mr. Chairman, will the gentleman yield?

Mr. LANHAM. I yield to the gentleman from South Carolina.

Mr. RICHARDS. The gentleman has said just what the gentleman from Pennsylvania said, that France did not want to go into this thing because they would then give up their sovereignty.

Mr. LANHAM. That is right.

Mr. RICHARDS. As a matter of fact, is this not true, that it was France herself who first proposed EDC and signed the treaty?

Mr. LANHAM. That is correct.

Mr. RICHARDS. And then would not ratify it?

Mr. LANHAM. The rulers found that the people would not back them up in giving up their sovereignty. Consequently the French officials had to change their position on EDC.

The CHAIRMAN. The Chair recognizes the gentleman from Georgia [Mr. WHEELER].

Mr. WHEELER. Mr. Chairman, do not wonder about me being somewhat confused about this whole program, not being a member of the Committee on Foreign Affairs, but I was somewhat amazed to find the degree of confusion on the part of the membership of that committee as was evidenced here a few moments ago by a member of the committee referring to Italy as being an erstwhile ally of ours in World War II. I cannot imagine that it could possibly be said that they were an ally except that being on the other side would accrue to our advantage, but that is the only way I could possibly define them as being an ally.

I would like to say before reading a little editorial from a Washington newspaper that a little earlier in this debate I was somewhat amazed at two of the military experts of the House agreeing that we would be completely safe and secure in Europe if we could just get 25 ground force divisions of Germans to hold some theoretical line over there. I would like to ask these military experts just what you propose to do to save those 25 divisions of surface troops if and when the Soviets start dropping a few H bombs over there. How many of those surface force troops or how many divisions of surface force troops would it take to retaliate in kind? Germans would be preferable to some others but ground-force troops of any nationality would be useless in this atomic age.

Now, relative the pending amendment, I would like to call the attention of this committee to a little editorial that appeared in the Washington News under date of May 3, 1954. It is headed "Eccentric Sam":

The attention of Congress, particularly those members handling foreign-aid appropriations, is directed to the following United Press dispatch from New Delhi, India:

"The Indians are beginning to think Uncle Sam is a pretty eccentric character. He poured \$183 million of economic aid into India in 3 years. All the while, India refused to yield neutrality and side with the West in the cold war.

"Now, Secretary of States Dulles has asked Congress not only to continue economic aid to India but to increase it (by another \$85 million).

"I don't understand it," an officer of the Indian Army said. Most Indians share his bewilderment."

Most Americans, we believe, are more than bewildered—they're flabbergasted. And we hope Congress takes note of American resentment in fixing the amount of handout we give this year to Nehru, the counterfeit "neutralist."

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. GAVIN].

Mr. GAVIN. Mr. Chairman, I note that my good friend from Georgia [Mr. WHEELER] refers to my remarks regarding 25 German divisions. I assume that along with those 25 divisions we would have the proper air and armored support for these German ground force divisions. I am one who believes in the ground forces as a necessary component in building our national defense forces. I have every confidence and faith in our own ground forces. They need no defense from me. Their performance in World War I and World War II and Korea speaks for itself. We must depend upon the ground forces and the armored forces, just as we do in our Air Force. They all work together in the overall picture in any kind of a defense program. So when the gentleman attempts to underestimate the suggestion that 25 German divisions with proper air and armored support on the line would not deter this communistic threat it surprises me. Also I do want the gentleman to know that there are other parts of our defense setup beside the Air Force. They are the Army, Navy, and Marine Corps.

Now, returning to the subject matter before us, I might say time is running out on us and certainly some decision must be made. We have patiently waited on action by France and Italy for the past several years with no satisfactory decisions reached. I am firmly convinced it is necessary to include Germany in any setup for the defense of Europe. Certainly, in event the Russians should move, which I doubt very much, if there were no opposition on the ground from ground and armored forces, they would move to the English channel as fast as mechanized equipment could carry them and occupy the great industrial centers of Europe, our supply depots and airbases, and we would be in a most difficult position. We would then be isolated on the North American Continent and pinned to our base without hope of moving from it to attack. It must not be forgotten that wars are won only by control of the land areas vital to the conduct of war. Control of these vital land areas is effected only by outmaneuvering the armies which guard them. Certainly the rearming of Germany with 25 divisions on the line, armored and infantry, would be a great contribution to the building of the defenses of Europe. In my opinion, with the other strength we have in Europe, it would deter them from any possible thought of moving against us. I would like to say to my good friend from Georgia, and he is my good friend, that in event we ever are catapulted into an emergency, I would like to see 25 German divisions, infantry and armored, along with our support ready to go into action.

The point that I am trying to make here is that it is my opinion that unless some plan is developed, the Germans are ready to go it alone, if necessary. There is not any question about that. The French have been engaging in dila-

tory tactics for the last 4 years. We were supposed to get a vote on ratification of EDC in the forefront of this year. We are no closer to a vote today than we were 4 years ago to ratify EDC and to permit Germany to participate in the defense program. And I doubt that France or Italy will ratify any agreement.

The gentleman from Pennsylvania [Mr. FULTON] referred to the piddling amounts that we have contributed in these foreign-aid programs. I say that when you get up into such sums as fifty or sixty billion dollars, they are not piddling amounts. We have been putting the cash on the barrelhead for a number of years. It is about time that we secure some cooperation from the French and the Italians in the matter of the ratification of this agreement in order to permit us to build up the defense of Europe, whether it comes through EDC or whether the Germans go it alone.

It is my opinion that they should make up their minds as to what they intend doing so that we can determine what we want to do.

(Mr. GAVIN asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. JAVITS].

The question was taken; and on a division (demanded by Mr. JAVITS) there were—ayes 19, noes 92.

So the amendment was rejected.

Mr. FINO. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FINO: On page 7, line 14, strike out lines 14 to 24.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that all debate on this amendment be concluded in 10 minutes, 5 minutes for the gentleman from New York and 5 minutes for the committee.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. FINO. Mr. Chairman, this is a simple yet a very important amendment. It strikes out that section of the bill that cuts off military aid to France and Italy until these countries have ratified the European Defense Community Treaty.

Mr. Chairman, I do not believe any one nation is more concerned with the menace of communism and its threat to world peace and security than the United States. In our efforts to secure or attempt to achieve this peace and security in this troubled world, we have spent billions of American taxpayers' dollars all over the globe.

Whether this tremendous financial help to all of these countries in both hemispheres has been successful in diminishing the ever-present Soviet threat of aggression is problematical.

Whether our whole policy of military and financial aid to all of those countries should continue, presents a serious question that I am not prepared to answer.

But if I have a choice at this point in world history of investing American dol-

lars as against investing American lives, I will support the less painful course.

So long as the President, in his wisdom, feels that money and weapons might arouse the peoples of these countries to the dangers of communism, I am willing to go along with him. But, in our determination to promote peace and security, let us not do more harm than good.

Under this bill, military aid to Italy and France are cut off until these countries ratify the European Defense Community Treaty. While the action of the Committee on Foreign Affairs was well-intentioned, it is one of those dangerously threatening gestures which succeeds only in alienating people and not in persuading them. Since the close of World War II, the Communists have been our bitter rivals for the friendship of the Italian people. Russian propaganda has consistently tried to drive a wedge between us and this Mediterranean country, which is a key link in the defense chain of Western Europe. We have countered these attempts by strengthening our bonds of friendship with Italy and by extending financial and technical assistance designed to restore that country's economy and political life to a balanced position. Aid to Italy has amounted to about \$5 billion, including the offshore procurement program of contracts to Italian industry.

Now the argument is that pressure should be used to get Italy to join EDC. The fact that our policy in Italy has served only to diminish communism and not to wipe it out entirely is a good indication that the problem is not solely an economic one. Of vital importance are our efforts to convince the Italian people that the policy of the United States is in their best political interest. We must do everything in our power to prove this. One sure way of doing it is to bring the Trieste problem to a speedy and just settlement. Such proof of our regard and friendship for Italy would be a far more forceful argument to the Italians for the ratification of EDC than a threat to withdraw military assistance.

Since the end of the war, Trieste has been one of the danger points in Europe. The lack of a solution in that area has been successfully exploited by the Italian Communists. Trieste, like all border regions, is an area of mixed population, but it is a port which has been developed by the Italians and which has been essential to them for their commerce. The Italian majority there has long looked to the United States in the hope that through us an honorable and equitable solution would be reached. So far we have not succeeded in using our influence to achieve such a solution. This is one of the reasons Italy has been hesitating to ratify EDC.

We have made offers to Marshall Tito of various compromises which, however, do not respond to legitimate Italian claims. Our attempt to gain Yugoslavia's friendship is nothing more than a calculated risk. Tito is not a member of NATO while Italy has played one of the key roles in this defensive system. I disagree with my colleague from South Carolina [Mr. RIVERS] when he

says that Italy has done nothing. The Italian factories through our off-shore procurement program are responsible for almost half of the military needs of NATO. And yet, why do we hesitate to bring about a just solution in the Trieste problem? Return Trieste to the Italian motherland, or at least arrive at a solution that is fair to Italy, and the bonds of Italo-American friendship will indeed be firm and lasting. But withdraw aid to Italy and not only will there be danger that she will not ratify EDC, but there is the more fearful possibility that Italy might become a Soviet Russian satellite.

Italy has proven herself to be one of our staunchest friends in Europe. If we now alienate Italy, we would be dealing our prestige in all of Europe a great and possibly irreparable blow. The consequences of cutting off aid to Italy are indeed frightening. The possible effect on NATO and EDC alone should make us doubt the wisdom of this course. The total effect in the battle against communism in Europe might be such a victory for the Kremlin that no responsible person can support this attempt to withdraw support from one of our allies and one of the key points of European defense.

For these reasons, I shall support the amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. VORYS].

Mr. VORYS. Mr. Chairman, the gentleman's amendment would strike out the Richards amendment which was adopted last year and which has been debated for about an hour or so here today. I feel the House clearly wants to retain the Richards amendment which was brought in by unanimous vote of the committee, with the approval of the executive branch. I hope the present amendment is defeated.

Mr. RICHARDS. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield.

Mr. RICHARDS. Will the gentleman from Ohio agree that the Javits amendment and the Fulton amendment were very mild and that those amendments cut off just a finger from the EDC and this cuts off the head of the EDC proposal?

Mr. VORYS. This amendment would give the Richards amendment the business, therefore, I think we had better give the pending amendment the business.

Mr. O'NEILL. Mr. Chairman, I rise to support the amendment just offered by the gentleman from New York [Mr. FINO]. The legislation now before us, the Mutual Security Act of 1954, gives broad, wide and sweeping powers to the President of the United States. While I am in agreement with, and intend to support this measure as reported by the House Committee on Foreign Affairs, I note that in the report that sums specified for Italy under Europe are classified. The committee has not disclosed details of the program planned for that great nation. I know that the committee has been advised as to the intentions of the Foreign Operations Ad-

ministration, and I respect the confidence in which this information is held. I also realize that Italy can receive no military aid from this legislation without becoming a member of the European Defense Commission.

In this connection, I wish to again impress upon all of the Members of this House that the question of aid to Italy is one of primary importance, not only to the Italian nation, but to all the civilized world. Italy's 47 million people makes that nation the second largest in the Western European bloc. Only France has a greater population.

Italy is beset with problems that are foreign to all of the other Western nations. Despite its great population, due to its mountainous terrain more than two-thirds of its area cannot be used for agricultural purposes. This necessitates the importation of a great portion of its essential food supply. Coupled with an agricultural shortage, there exists an almost complete absence of native coal, iron, oil, and other necessities for a modern, complex manufacturing civilization. The loss of the colonies, plus the raising of immigration barriers in the United States, France, and Australia prohibits draining off any part of the surplus Italian population.

As a result of these aforementioned factors, a great deal of unemployment exists. Unemployment is the natural father of discontent and unrest. To go to bed each night with hunger as a bed-fellow is not conducive to clear political thinking. To observe each moment of the day, the plight and want of your loved ones does not tend to develop rational ideas.

Some say the Italian people are gravitating to communism. That I deny. The principles of communism are abhorrent to the Italian character with its great Christian tradition. Italian life is featured by its love of God, family, and country; the very antithesis of communistic doctrine.

The Italian people have never displayed a desire to conquer the earth, or to force upon others their way of life, culture, or political philosophy. They have established through the centuries a culture and mode of living from which other enlightened nations have been happy to borrow so that they in turn might be enriched. The long line of Italian poets from Dante to D'Annunzio, have given to all peoples a basis for thought that created a respect for the dignity of man. Verdi, Rossini, Peri, Caccini, and other Italian composers have established the musical standards of the earth. The golden voices of Caruso, Tetrazzini, Martinelli, and Galli Curci have added richness to the lives of millions in every corner of the globe. The paintings and sculptures of Michelangelo, the rich warm colors of Raphael and Titian, the vibrant paintings of Correggio and Gordano, and many other Italian artists will live until the end of time. The world still marvels, although he has been dead for centuries, at the endless versatility of Leonardo da Vinci. Toscanini is still the peer of gathering together the brasses, woods, and percussions and developing a har-

mony that might even shame the heavenly hosts. Marconi and many other Italian scientists have given to mankind the benefits of their massive minds making life easier and safer.

In our own hemisphere, from the days of Columbus and Americus Vespucci, men of Italian blood have been in the forefront of the vast struggle that has made the new world the wonder place of history.

In the colonial days, the Italian painter, doctor, musician, and laborer was found in Boston, New York, Charleston, Philadelphia, and Savannah. They fought under Washington in the dark, bloody days of the revolution. When victory came they gave their strength to the efforts being made to establish the young Republic. They, together with their neighbors, took part in the early development of the central section of our country. When the Nation was threatened with severance in 1861, they responded to Lincoln's call and one of the most famous of all the Union Army's regiments was the Garibaldi Volunteers. In this desperate war, four men of Italian background attained the rank of general in the Union forces.

In the latter part of the 19th century, and the early part of the 20th century, the United States saw a vast wave of Italian immigration. These vibrant people gave a new life and impetus to our country. They brought their artistic, scientific, and cultural backgrounds with them. They made the life stream of America richer and stronger. These immigrants, while contributing much, nevertheless instantly embraced the American way of life and shouldered the duties and responsibilities of United States citizenship. Spreading out as they did from coast to coast, border to border, they became active participants in the ever-moving American scene. Civic, fraternal, philanthropic, and religious movements gathered greater momentum from the contributions made by these new, young, vigorous, liberty-loving people. Wherever the Italians settled in our land they erected churches, schools, hospitals, homes for the orphans and aged, all built for the service of their American neighbors, regardless of creed, race, or color. Bit by bit, and day by day, they became more and more an integral part of these United States. They have given this country all of their hearts and faith.

However, by reason of their blood, and knowing much more of Italy and its needs, having heard from their fathers and mothers of Italy's struggle through the centuries, the Italian-American joined by all other thinking Americans, prays that the hand of friendship shall still be extended to the young Italian Republic. We hope more aid will be given to these people to whom not only America, but also the world, owes so much. We know that now, as through the centuries, Italy will rise to the last man to oppose barbarism if it endeavors to march again.

I am sure that all Members of Congress are aware that Italy is a natural ally by reason of culture, tradition, and blood, and I am confident that through

the legislative action of the Congress of the United States, and the administration of the Foreign Operations Administration that through a program of mutual cooperation all will reap great dividends.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. FINO].

The amendment was rejected.

The Clerk read as follows:

Sec. 107. Sale or military equipment, materials, and services: (a) The President may, in order to carry out the purpose of this chapter, sell or enter into contracts (without requirement for charge to any appropriation or contract authorization) for the procurement for sale of equipment, materials, or services to any nation or international organization: *Provided*, That prior to the transfer of any such equipment, materials, or services to any nation which has not signed an agreement under section 142 of this act or joined with the United States in a regional collective defense arrangement, the President shall have received commitments satisfactory to him that such equipment, materials, or services are required for and will be used by such nation solely to maintain its internal security, its legitimate self-defense, or to permit it to participate in the defense of the area of which it is a part, or in collective security arrangements and measures consistent with the Charter of the United Nations, and that it will not undertake any act of aggression against any other state.

(b) Whenever equipment or materials are sold from the stocks of or services are rendered by any United States Government agency to any nation or international organization as provided in subsection (a), such nation or international organization shall first make available the fair value, as determined by the President, of such equipment, materials, or services before delivery or, when the President determines it to be in the best interests of the United States, within 60 days thereafter or, as determined by the President, within a reasonable period not to exceed 3 years. The fair value for the purpose of this subsection shall not be less than the value as defined in subsection (b) of section 545: *Provided*, That with respect to excess equipment or materials the fair value may not be determined to be less than (i) the minimum value specified in that subsection plus the scrap value, or (ii) the market value, if ascertainable, whichever is the greater. Before a contract for new production is entered into, or rehabilitation work is undertaken, such nation or international organization shall (A) provide the United States with a dependable undertaking to pay the full amount of such contract or the cost of such rehabilitation which will assure the United States against any loss on the contract or rehabilitation work, and (B) shall make funds available in such amounts and at such times as may be necessary to meet the payments required by the contract or the rehabilitation work in advance of the time such payments are due, in addition to the estimated amount of any damages and costs that may accrue from the cancellation of such contract or rehabilitation work.

(c) Sections 106, 141, and 142 shall not apply with respect to assistance furnished under this section.

Sec. 108. Waivers of law: (a) The President may perform any of the functions authorized under this chapter without regard to (1) the provisions of title 10, United States Code, section 1262 (a), and title 34, United States Code, section 546 (e); and (2) such provisions as he may specify of the

joint resolution of November 4, 1939 (54 Stat. 4), as amended.

(b) Notwithstanding the provisions of Revised Statutes 1222 (10 U. S. C. 576), personnel of the Department of Defense may be assigned or detailed to any civil office for the purpose of enabling the President to furnish assistance under this act.

Sec. 109. Transfer of military equipment to Japan: In addition to any program of military assistance for which funds may be appropriated pursuant to this act, the President is hereby authorized to transfer to the Government of Japan, until June 30, 1955, upon such terms and conditions as he may specify, and upon its request, United States military equipment and supplies programmed for Japan to meet its internal security requirements for which Department of Defense appropriations were obligated prior to July 1, 1953. No appropriation shall be requested to replace the military equipment and supplies so transferred, and no funds heretofore or hereafter appropriated for the purpose of this chapter shall be available for reimbursement to any United States Government agency on account of any transfer made pursuant to this section.

Mr. LAIRD. Mr. Chairman, I move to strike out the last word.

(Mr. LAIRD asked and was given permission to revise and extend his remarks.)

Mr. LAIRD. Mr. Chairman, I support President Eisenhower and the Republican administration. They are doing a job for America. President Eisenhower does not expect this Congress, or any Congress, to approve every single request which the executive department sends to us. The basic philosophy of the writers of our Federal Constitution established the system of checks and balances which we operate under for a good and sufficient purpose. I cannot agree that the House Foreign Affairs Committee has fully exercised the prerogatives of the legislative branch of our Government in approving the entire request of the executive department in this Mutual Security Act of 1954.

This bill is presented to us as a \$3.5 billion authorization bill, when in reality it is a \$13.2 billion authorization bill, as it contains approximately \$3.7 billion in new authorizations and \$9.5 billion in requested carryovers to be reauthorized. On July 1, 1954, which is the start of fiscal year 1955, there will be \$9.7 billion unexpended in previous appropriations made by this Congress to the mutual security program, and of this amount approximately \$3 billion will be completely unobligated.

The House Appropriations Committee, of which I am a member, will be asked to make appropriations covering the new authorizations covered in the bill which we are considering today. If every penny is not granted by the House Appropriations Committee, members of our committee will be accused of not keeping faith with the Congress. In view of the fact that the mutual security program can be carried on for the next fiscal year, particularly the military aid program, without an additional dollar of new appropriations, it seems to me fantastic that we should authorize today military items which will not even be allocated for 3 or 4 years in the future. There is no question in the minds of the Members

of this House that a program for mutual security of friendly nations in the world is needed and necessary in view of the threat of international communism. There are real questions in my mind, however, of whether merely making large authorizations and large appropriations will have any real psychological effect upon this threat of international communistic aggression. I believe that we would be justified here in the House to reduce the new authorizations which are included in this bill by \$1,200,000,000. By doing this we would be providing for a mutual security program of \$2.3 billion in new authorizations plus the \$9.7 billion in requested carryovers, making a total program of \$12 billion provided in this Mutual Security Act of 1954.

In view of the situation as it exists in the Far East and in other sections of the world, it seems to me unrealistic to extend our lead time in this mutual security program beyond 2½ years.

I plan to vote against this bill unless substantial reductions are made on the floor of the House today in the amount of new authorizations provided for in this program.

The Clerk read as follows:

CHAPTER 2—SOUTHEAST ASIA AND THE WESTERN PACIFIC, AND DIRECT FORCES SUPPORT

Sec. 121. Southeast Asia and the Western Pacific: There is hereby authorized to be appropriated to the President for the fiscal year 1955, to be made available on such terms and conditions, including transfer of funds, as he may specify, not to exceed \$800 million for expenses necessary for the support of the forces of the Associated States of Cambodia, Laos, and Vietnam and the forces of France located in such Associated States and for other expenditures to accomplish in southeast Asia and the western Pacific the policies and purposes declared in this act. In addition, the unexpended balances of funds allocated from appropriations made pursuant to sections 304 and 540 of the Mutual Security Act of 1951, as amended, for the purpose of support of the forces of the Associated States of Cambodia, Laos, and Vietnam and the forces of France located in the Associated States, are hereby authorized to be continued available for the purpose of this section through June 30, 1955, and to be consolidated with the appropriation authorized by this section.

Mr. VORYS. Mr. Chairman, I offer an amendment which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. VORYS: On page 14, after line 8, insert the following:

"It is the sense of the Congress that no part of the funds appropriated under this section shall be used on behalf of governments which are committed by treaty to maintain Communist rule over any defined territory of Asia."

Mr. VORYS. Mr. Chairman, this is a committee amendment which was adopted by the Foreign Affairs Committee this morning. This is offered at the end of the section of the bill dealing with Indochina, which provides \$800 million plus unexpended balances "for the support of the forces of the Associated States of Cambodia, Laos, and Vietnam, and the forces of France located in such Associated States and for other expenditures to accomplish in southeast Asia and the Western Pacific the policies and purposes declared in this act."

It is a very broad and important section. As we know, the situation in Indochina is critical and fluid. The Congress has shown its foresight with reference to Indochina for over a year, after our Secretary of State appeared before our committee early in 1953 and told of the serious situation there. The committee brought to the floor and the House and Senate adopted an unusual section similar to this one, authorizing \$400 million for the support of the defense effort in Indochina against the Communists.

The committee amendment has to do with the issue, let us say, of "peaceful coexistence." That concept for East Asia has been discussed considerably around Washington during the last couple of days. Now we believe in peaceful coexistence with our friends, the British, in spite of the fact that we have had two wars with them; but in spite of the ties of blood, language, and friendship we have with the British, and with due regard to our recent distinguished visitors, this amendment proposed by the committee will make it crystal clear that we are buying no part of a Locarno Treaty for Southeast Asia. The amendment provides that none of this Southeast Asia money shall be used in behalf of governments which are committed by treaty to maintain Communist rule over any defined territory of Asia. It was typical of the Locarno Treaties that mutual guaranties were exchanged. It was proposed by certain recent visitors in Washington that we approve of similar treaties for Asia that would guarantee territorial lines that might be drawn out of some agreement or settlement at Geneva, dividing up territory between Communists and free peoples.

This amendment makes it clear that it is the sense of the Congress that we are not going to enter into or underwrite such treaties, and are not going to support the signatories of such treaties. This amendment makes it clear that none of the funds that we are providing for southeast Asia to carry out the purposes of this act are going to be used to defeat the purposes of this act. The purpose of this act with reference to southeast Asia can be found on page 2, line 20, where the Congress "reaffirms its previous expression favoring the creation by the free peoples of the Far East and the Pacific of a joint organization; to safeguard basic rights and liberties and to protect their security and independence." That is the purpose of this act, and this amendment makes it crystal clear that it is not the purpose of this act to have any of the funds used on behalf of or to aid governments which are committed by treaty to maintain Communist rule, which denies liberty and basic rights to free peoples, and destroys their security and independence.

That is the meaning of the amendment, and I hope it will be adopted.

Mr. SMITH of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield.

Mr. SMITH of Wisconsin. I want to associate myself with the gentleman from Ohio on this statement and to congratulate him and the other members of

the committee on their wisdom in adopting this amendment.

Mr. HARRISON of Virginia. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. HARRISON of Virginia as an amendment to the Vorys amendment: At the conclusion of the amendment add the words "for the use in combat of any military forces of the United States without approval by Congress."

Mr. HARRISON of Virginia. Mr. Chairman, I am in favor of the amendment offered by the gentleman from Ohio. That amendment states that the funds appropriated in this act or authorized in this act shall not be used to carry out a certain kind of peace treaty. I am in favor of that.

My amendment goes further and adds the provision that neither shall the funds be used in furtherance of unauthorized war undeclared by this Congress.

I do not know what the administration policy is in Indochina; I do not think anybody knows; I think it is in process of formation. The Vice President in an off-the-record speech indicated that we would have to go to war. The Speaker of this House said, "No, we would not"; that all that was needed there was domestic troops. The Secretary of State seems to have been talking a great deal lately about the circumstances under which we would go to war in Indochina. So I do not know what the policy really is. With all due respect, it seems to be one that changes from week to week, from day to day, and from hour to hour. War in Indochina is a responsibility that belongs to this Congress, and while we are saying that we are not going to allow money to be spent on a certain kind of peace treaty or nations that adopt that peace treaty, I propose that we also say that we will not permit money to be spent on a war until this Congress declares it or permits the use of combat troops.

Mr. FORAND. Mr. Chairman, will the gentleman yield?

Mr. HARRISON of Virginia. I yield to the gentleman from Rhode Island.

Mr. FORAND. Mr. Chairman, I ask unanimous consent that my colleague the gentleman from Connecticut [Mr. Dobb] may extend his remarks immediately following the remarks of the gentleman from Virginia [Mr. HARRISON].

The CHAIRMAN. Is there objection to the request of the gentleman from Rhode Island?

There was no objection.

Mr. HARRISON of Virginia. Mr. Chairman, I yield to the chairman of the committee.

Mr. CHIPERFIELD. I am wondering whether or not section 102 of the bill does not take care of that situation.

Mr. HARRISON of Virginia. I do not think so.

Mr. CHIPERFIELD. The gentleman from Virginia knows I supported in committee an amendment somewhat similar to the one he has now offered.

The record on this points out that section 102 makes clear that United States military personnel can be assigned to foreign nations only for noncombat duty, including furnishing of training and advice. The language was included to give

reassurance that the military assistance authorized in this bill does not include participation by the United States forces in combat. I am wondering if that language would not take care of the amendment that the gentleman from Virginia suggests.

Mr. HARRISON of Virginia. That language authorizes the use of troops under certain circumstances. This amendment forbids the use of troops. I think there is a great difference.

The CHAIRMAN. The time of the gentleman from Virginia has expired.

Mr. DODD. Mr. Chairman, as a member of the special Committee to Investigate Communist Aggression, I am detained in Europe where we are holding important hearings.

However, since I cannot be present to cast my vote, I would like to make my position with respect to the foreign aid bill a matter of public record.

I am in favor of this measure and I would vote for its passage because I believe that we must continue to assist our friends, from both a military and an economic standpoint, in order to make it possible for them to be strong enough to resist the forces of Communist aggression.

I am conscious of the fact that the American people have made a great sacrifice for several years in order to carry out this foreign aid program.

I believe it is a good investment and I think it will pay dividends, provided we do not permit the Communists to rob us of its substance.

Since we have been in Europe we have seen abundant evidence of the fact that many political leaders in this part of the world either do not or will not understand the evil nature of communism. Apparently some of them think of it as simply another political problem with international complications.

In the carrying out of our foreign aid program, we should, if at all possible, make clear to our friends that there can be no compromise with the forces of communism, and it would seem reasonable and sensible and in our best interests to require that our friends whom we assist stand unequivocally with us in our opposition to this evil influence.

There can be no neutrals in this struggle.

At the same time I believe that the times call for patience and understanding. Our task is to convince our friends, even while they provoke us and tire us with their unwillingness or inability to face up to the issue.

Whether we like it or not, as a matter of our own defense and security and welfare, we must take the lead in this struggle.

The responsibility of leadership thus thrust upon us will call for the best that is in us.

In order to lead others we must know ourselves where we want to go.

This requires a firm policy and a sound pattern in all of our international relations.

The cornerstone of this policy must be based on the principle of no compromise with and no appeasement of communism.

Mr. VORYS. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Virginia to the committee amendment.

As the chairman of the Committee on Foreign Affairs has just pointed out, we have provided in what we feel is the right way, by unanimous action of our committee, I believe, a limitation on the use of troops in section 102, page 3, lines 11, 12, 13, and 14, which states, under the authorization of services, "members of the Armed Forces and other personnel of the Department of Defense solely to assist in an advisory capacity or to perform other duties of a noncombatant nature, including military training or advice."

Now, if the objective of the gentleman is to limit the use of combat troops throughout the bill, that has already been done; but if his objective is to prohibit the use in combat of forces of the United States—for instance, in their own defense in any territory they might be in, Asia, Japan, or Korea, or some place else—then I do not think he means that. As a matter of fact, I cannot conceive of the use of any of the funds out of this particular section for United States combat forces at all. We have provided in this bill for the things that the gentleman's remarks were primarily directed to, and with Executive approval in restricting the authorization in chapter I, which is the military-assistance chapter, of military money for Indochina. That is the chapter containing section 102, which limits personnel of Armed Forces or the Department of Defense solely to assist in an advisory capacity or to perform other duties of a noncombatant nature, including military training or advice, such as our troops performed in Greece, for instance. This is a clear prohibition against the use of armed forces. It protects the Congress in its prerogatives, and it seems to me that is the right way to do it, and this is the wrong way. I hope the amendment to the amendment is defeated and that the committee amendment may be disposed of on its merits.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield to the gentleman from Minnesota.

Mr. JUDD. Is not this language in 102 the same language that was in the bill passed by the Congress in 1947 to give aid of the same sort, military and economic aid to Greece when she was threatened? A lot of people at that time thought that language was not strong enough, which said that these forces may be detailed, the members of the Armed Forces, to Greece and Turkey in an advisory capacity only. However, the program was exceedingly successful. At no time did we have more than 600 over there. None of them carried more than a revolver, sidearms, for his own self-defense in case he was shanghaied or something of that sort. This language was tested. It gives us real security. To use this language does not change our policy one way or the other; therefore, it does not contribute to any possible speculation one way or the other as to whether there may be a change in American policy. I hope the language

that has been tested will be agreed to.

Mr. VORYS. I agree with everything the gentleman has said except one thing. I am under the impression that the word "solely" in line 12, page 3, was inserted this year. This is as absolute a limitation as you can conceive of being put in at this time.

Mr. JUDD. "Solely" is even stronger than "only."

Mr. HARRISON of Virginia. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield to the gentleman from Virginia.

Mr. HARRISON of Virginia. My understanding of the gentleman's position is that it is already in the law. In that case, what possible harm could there be to spell it out? The gentleman is undertaking to tell the executive branch that these funds cannot be used for a certain type of peace treaty, so then what harm does it do to say that it cannot be used for an unauthorized war?

Mr. VORYS. Here is the difference, to answer the gentleman's question. This is a ticklish subject, and we do not want to tread on the constitutional prerogatives of the President, and we do not want him to tread on our constitutional prerogatives. We worked this out in committee with some care in an earlier section, section 102. The gentleman's amendment contains language which I do not fully understand and I hope it will not be adopted.

Mr. FULTON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I believe that the amendment offered by the gentleman from Virginia goes too far. It covers more situations than he believes it does. I believe that section 102 does protect, as the gentleman from Ohio has said and as agreed to by the gentleman from Minnesota, so that there is adequate protection in this bill against the administration getting into an undeclared war without action or consent of Congress.

I would like to comment on the original amendment, and I want to separate myself from the policy that says to our great ally, Great Britain, that if you join a Locarno-type treaty, we will cut off aid under this bill. To me that is a wrong use of money power. That is using dollar diplomacy. If this Congress in its great wisdom, and this House, believes that we should have a sense motion, I believe that it should be put as a separate sense motion as to what we believe and not use the weapon of money to force a willing ally to change the position that she thinks might be wise in the guidance of her own foreign affairs. We must remember in this world of ours that we need a society of friendly democratic nations. We need to speak frankly of our divisions, but we should not use the money power in any way to force a friendly nation to do what it otherwise would not do and especially as great and as good an ally as Great Britain has been.

So, I would separate this off if I had an opportunity, but cannot now. I urge that when we might make a sense resolution on another nation's foreign policy it should be by a separate resolution and

not in a money authorization bill. Secondly, even though this states it is a sense matter, it nevertheless implies that no money shall be given. This is because the amendment reads that it is the sense of the Congress that no part of the funds appropriated under this section shall be used on behalf of governments which are committed by treaty to maintain Communist rule over any defined territory in Asia. That, in effect, is a request to the President, the Executive, who has charge of the foreign policy of this country to cut off aid in his discretion if Great Britain enters into a Locarno-type treaty with any other nation about Asia. I respectfully request, and ask the House in its judgment later to consider, when the bill comes up to conference, to make a change in this provision so that it does not in any way reflect on this ally of ours, Great Britain.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia [Mr. HARRISON] to the Vorys amendment.

The amendment to the amendment was rejected.

The CHAIRMAN. The question is on the amendment of the gentleman from Ohio [Mr. VORYS].

Mr. McCORMACK. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I do this for the purpose of asking a few questions of the gentleman from Ohio [Mr. VORYS]. I note the language "it is the sense of the Congress that no part of the funds appropriated under this section shall be used" and so forth. I am wondering why the words "it is the sense of the Congress that" are necessary. Why should we not say definitely no part of the funds appropriated under this section shall be used on behalf of governments which are committed by treaty to maintain Communist rule over any defined territory of Asia? Why do we not hit it head on.

Mr. VORYS. Mr. Chairman, if the gentleman is addressing the question to me, it seems to me that this formula is appropriate in this instance whereas, due to the history of the Richards amendment, it is inappropriate there. This is a field in which the situation is quite fluid. We have got "sense" language in section 106, referring to this same situation where it says that the President in carrying out the provisions of section 121, which is the Indochina section, "shall give the fullest assistance to the free peoples in that area, in their creation of a joint organization, consistent with the Charter of the United Nations, to establish a program of self-help and mutual cooperation designed to develop their economic and social well-being, to safeguard basic rights and liberties, and to protect their security and independence."

That general language has been in the bill as a sense resolution for 5 years. We have put it in with especial reference to it. This is pretty broad language to incorporate in a statute and it was felt by the committee that it was more appropriate, acting on this matter, where we had no opportunity to take it up until this morning, to have this as a sense proposition rather than a clear mandate.

Here is the problem, if the gentleman will yield further. We are talking about treaties that have not yet been signed, treaties that are merely proposed by some of our dear friends from across the water.

Mr. McCORMACK. Our dear friends? I thought they were dear friends, and I hope they will become dear friends again, but I have my doubts today, I am sorry to say.

Mr. VORYS. It was felt that it might be well to leave the language in this form perhaps while our visitors are in town and, as the gentleman from Pennsylvania [Mr. FULTON] and others have suggested, it may be possible to perfect and polish this in the other body and in conference. But one of the things that is true about this is that this is the sense of the Congress.

Mr. McCORMACK. The gentleman, of course, will admit that in opposing the amendment of the gentleman from New York [Mr. JAVITS], on which I voted along the lines the gentleman from Ohio argued, and along the lines that the gentleman from South Carolina [Mr. RICHARDS] argued, that he said that "in a sense" did not mean much; that the words "it is the sense of the Congress" did not mean much. Using the same words here also may not mean much in the event that a nonaggression pact is undertaken in Southeast Asia, such as is commonly known as a Locarno pact.

Mr. VORYS. We are against a Locarno SEATO. Any "sense" resolution of the Congress of the United States has great weight with the United States Government and I think with the world.

Mr. McCORMACK. I will accept that statement.

Mr. VORYS. The Richards amendment was devised in committee and after long conversations with the executive branch. This amendment was devised this morning in committee. I understand the executive branch has no objection to the words in it. We feel it is better to leave it this way.

(By unanimous consent, Mr. McCORMACK was allowed to proceed for 5 additional minutes.)

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from New York.

Mr. JAVITS. I may be of some use to the gentleman. I have studied this carefully. The difference is this, as I see it. There is no Locarno Treaty for Asia such as Mr. Eden mentioned. There is an EDC. You are talking about a treaty in being in the Richards amendment, and you are not talking about a treaty in being in this amendment. Therefore, if anything, there can certainly be no question here of a sense resolution rather than tying it down, because there is nothing to tie it down to.

Mr. McCORMACK. I can see the gentleman's position. He is consistent, but my friend from Ohio seems to me somewhat inconsistent. But I am going to follow him again in the language of the amendment. I had an amendment here to strike out those words, but I realized the difficulty confronting the

committee. I think this represents, as the gentleman from Wisconsin [Mr. SMITH] said, a very fine move and a decidedly advantageous amendment. But may I ask my friend this. I notice in the newspapers that Mr. Churchill when he arrived here said he was coming over to try to settle some family troubles. Is my memory correct? Does the gentleman remember that?

Mr. VORYS. I think he said "family matters."

Mr. McCORMACK. Family matters, yes. Of course, in any little family the main support usually has a pretty potent voice in family matters, does he not, the one who provides for the family?

Mr. VORYS. Not in our house.

Mr. McCORMACK. The one who pays the freight does not have much to say, does he? Does not the gentleman think that as we are paying the freight here pretty well we ought to have quite a voice in any of these family matters?

Mr. VORYS. I think so. I still believe in the Declaration of Independence and cooperation.

Mr. McCORMACK. We will leave the Declaration of Independence out of it now.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Minnesota.

Mr. JUDD. I appreciate and approve the candid and courteous way with which the gentleman from Massachusetts has dealt with a very delicate matter. No person likes to take exception to anything said by such a distinguished foreign guest as is in our midst—one for whom we have such great admiration. But he and his foreign minister have been very frank, and I am sure they expect us to be the same. To keep the record straight, it has to be said that the statement by the British Prime Minister that he came over here to discuss some "family matters" was to say the least unfortunate. It could have only the most mischievous effects on people who live east of Suez. The single biggest handicap and liability which the United States has in Asia—and I speak carefully—is that it generally is too closely allied or appears to the Asians to be too closely allied with the European colonial powers.

The heart of our President's foreign-policy problem is this: How to hold together our alliance with the countries of Western Europe and at the same time to prevent their giving East Asia away, or losing our influence in Asia through being identified in Asian minds with British and French policies. This is a tough one but we have to do both.

When Mr. Churchill gives the impression that the British and we are all just parts of one special family, it is made to order for the Kremlin. That is what the people in the Far East largely believe, that when the chips are down the United States will always stand with France and England, in a white man's club, even at the expense of the peoples east of Suez.

Therefore, and I say this not in criticism of our British guests, but in defense of my own country's interests, I think the United States and the Congress must

disassociate themselves most emphatically from the notion that we have peculiar ties or obligations or attachments to our Anglo-Saxon forebears, proud as we are of that ancestry, we do not belong to any other family than the human family. We are concerned for the freedom of all people. And this bill's purpose is to help all people who are fighting for freedom wherever they are or whatever their color or tongue.

We support England and France in Europe not because they are England and France, or because they are of the same race as we, but because they are trying to remain free. We do not support their empires and some of their policies in Asia. We stand beside and support all people there who are trying to become or to remain free.

If the United States could just get it through to the whole world that our policy is everlastingly to support the efforts of people everywhere to be free regardless of their race or language or their ethnical background or otherwise, the effect would be electrifying.

The people of the world are still waiting hopefully, and almost desperately, to hear this great Republic say in word and deed, "We stand as we did at our own beginning, against any effort by anybody to impose his will upon other people."

Mr. McCORMACK. Mr. Chairman, I am supporting this bill. I always have been a supporter of past legislation. I realize the situation. But to any of my friends who might be uncertain and who might ask themselves the question: Why should we do this? Let me suggest that they ask themselves an additional question, namely: Suppose we do not do this? What then? What about the other side? Of course, there are calculated risks, but on the other hand it is best to refer to these unnecessary gratuitous observations because it is constructive and it is for the benefit of those who say they are our friends, and certainly we have shown our friendship for them.

Mr. Chairman, from a constructive angle, I want also to state I resented very much Eden's speech in Commons. I thought it was intemperate before coming over to America to engage in a high conference with the President of the United States and the Secretary of State to make publicly and officially the statement he did. The President is my President and the Secretary of State is my Secretary of State. They may be Republican by politics and I might criticize them, but I am not going to stand for criticism of them from abroad—not criticism of that kind. When they are coming over for high policy meetings, I thought it was somewhat contemptuous for such a statement to be made where it was made. These are my observations and they are made so that they might have the benefit of the views of one who has always supported this legislation, and one who has supported this kind of legislation because I consider it to be in the national interest of the United States. It happens also to be in the national interest of other countries who want to be free from the domination of communism. I think in making these

frank observations, I am doing good not only for ourselves but for some of our friends of yesterday who protest their friendship, but whose actions seem to indicate a parting of the ways. I am very much concerned over the meeting of Nehru and Chou, and their entering into a nonaggression pact. I am wondering if Churchill and Eden know that Nehru was going to meet with Chou. It would be a strange thing if they did not know. I am wondering if Churchill and Eden made a deal with France and Red China at Geneva. Those are things that enter my mind looking at it in my own way and because I have the national interest of my own country at heart. So in voting for this bill, I want to make these observations so that they will know that these are some of the questions which are in the minds of some Members of Congress, and also in the minds of some Americans. Friendship is a two-way street, not a one-way street. England has recognized Red China. We have not. Do they expect us to enter into a Locarno agreement, so-called, which would mean at least a de facto recognition of Red China? They might not have difficulty in making such an agreement, but we would because we have not recognized Red China. Furthermore, there is an additional question. Suppose you enter into a nonaggression pact? It is supposed to be upon the basis of friendship and in the very next few days enter into a Southeastern Asia Defense Agreement, which is the opposite of the nonaggression pact, is it not? In other words, you make a nonaggression pact and then the very next step, make a defense pact saying that if one of the parties to the nonaggression pact violates it, we would go to the defense of the country members of a defense pact. Both seem to me to be inconsistent with one another.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. Vorys].

The amendment was agreed to.

Mr. FULTON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I believe that Prime Minister Churchill and Eden in coming to this country, came in a spirit of friendship and confidence. When they class themselves as part of the family in visiting us, I accept their friendly statement. I believe they do think they are part of the family of free nations and of free people. I feel further that while they are guests in this country, there are many of us, and I am one of those people specifically, who are glad to have them here and really glad to have discussions on a friendly basis of confidence.

Whether or not the conferees have come up with an agreement, at least they have talked as free and independent people. There is a knowledge of the basis upon which our two great nations and their peoples are acting. Such frank discussion and friendly visit reaps a real benefit. We should thank Mr. Churchill and Mr. Eden for their friendly interest and courtesy in coming so far to talk over our mutual serious problems with us.

I would further state that I am one of those who does not want the power

of money used on our friends and allies as a club or a whip. I think we can move along by basic principles and co-operation instead of using an authorization bill of this type, to insert a smear amendment without even stating the basis or reasons for it.

In conclusion, surely we have our troubles with our allies. They have their troubles with us, too. We have friends and relatives and employees who do not always do right.

We free nations have our disagreements, but we should not let those disagreements divide these long friendships, because it is our security and our freedom that are at stake, and we must bear the burden of it.

A good thing about Congress is this, that you have to stand here and justify yourself. You have to do it on your own feet and say what you think. If anything, I admire the British for saying what they think ahead of time, when they are considering or are about to do something, which would affect our United States position and policy. So on this amendment we are guessing that they might go into a Locarno-type treaty in the Orient. We do not know about it. But we are saying by this amendment that if they should, it is the sense of Congress that we might take the money away.

For me, I want to welcome Churchill and Eden. I hope they come back again and I hope that in future years I may be able to stand side by side with the British people and the Italian people and the French people and the German people, about whom this debate has been had today. Some of us have to state these basic positions. It may not be popular, but we are standing with these people and we mean it.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. HARRISON of Virginia. Mr. Chairman, I offer an amendment which is at the desk.

The Clerk read as follows:

Amendment offered by Mr. HARRISON of Virginia:

On page 13, line 17, after "President", strike out the remainder of line 17 and all of lines 18, through line 24, and the word "addition" in line 25.

And on page 14, line 7, after the word "1955", strike out the balance of line 7 and all of line 8.

Mr. HARRISON of Virginia. Mr. Chairman, the purpose of this amendment is to strike out the authorization of \$800 million for Indochina. This bill, as reported by the committee, in reauthorizations and in new money, provides for Indochina \$2,200,000,000. The effect of this amendment would be to reduce that to \$1,400,000,000.

Mr. Chairman, when we speak of flexibility, of which we have heard a great deal today, we should recognize that never before in any of this sort of legislation has such absolute power, such flexibility, been given to the executive branch as in this provision dealing with Indochina. It has always been the custom, and the proper custom, for the executive to come forward and justify what it intended to do with funds asked

of this Congress to be authorized. In this case the executive did that by evidence in support of the Navarre plan. It supported it with tables, charts, and testimony. All of that is now defunct, and this proposal is now, without any evidence to support it—it says that sometime, some day, we are going to formulate a policy in Indochina, and the Congress gives the money in advance in approval of it. I think that is bad policy to surrender the power of this Congress over the purse and over appropriations.

I listened with a great deal of interest a moment ago to the splendid statement in support of the President of the United States made by the gentleman from Massachusetts [Mr. McCORMACK]. I subscribe to that. I agree with that. Of course, the payoff of that is that Vice President Nixon made his speech on last Saturday night. I have not forgotten the insolent effrontery of the Governor of New York when he referred to the words "Democrat" and "treason" as being synonymous. I approve of not countering that with similar unjustified statements. On the other hand, I am not going back to my people and plead guilty to the charge of granting to the bureaucrats in the State Department and the Pentagon: "We have such confidence in you that we give you \$2,200,000,000 without any accounting whatsoever."

I cannot say, "Go ahead and do what you want to do with it; we have confidence in you and do not want any accounting on your part." I cannot give that kind of support.

Mr. Chairman, I yield back the balance of my time.

[Mr. JUDD addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. JACKSON. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, I shall oppose the amendment offered by the distinguished gentleman, a member of the committee, not because I feel that the dollars and cents involved in this section will solve the tremendous and continuing difficulties and problems that are the lot of the free nations of the world attempting to stem Communist aggression in Indochina and elsewhere. I think that in light of the criticism and implied criticism that has been directed at some of those with whom we are allied, perhaps a word should be said at this point in debate, in the way of a word of praise, a word of understanding, a word of encouragement, to one of the nations with whom we are allied that has had the temerity and the intestinal fortitude to stand up and face the Russian bear unafraid. Some of our other allies, some of those who appear to live in fear and trembling for what tomorrow may bring, could well look to Turkey as an example of not only how to stand up and be proud and sovereign in one's own right but how to utilize wisely and well the aid that has been furnished in such tremendous sums by this Nation.

The gentleman from Minnesota has spoken of the fears of the peoples of

many nations in southeast Asia. Those concerns and those fears are shared in large part by the American people. It is a matter of concern to all Americans whether or not southeast Asia can be saved from Communist aggression. It is my personal feeling that under the conditions presently existing it is a most difficult, if not an entirely impossible, situation. I cannot conceive that the peoples of Vietnam, the peoples of Laos and Cambodia, are willing to exchange the aggression of the Soviet Union, of Red China, the international aggression of communism, for a continued colonial status under a European power. It seems that one of the conditions present to any successful defense of southeast Asia is the complete and unqualified independence of those nations. Freemen, fighting for their own freedom upon the soil of their homelands, are more likely to strike substantial blows than those who strive only to retain an uncertain status halfway between slavery and liberty.

Secondly, it seems to me there can be no good purpose served in that part of the world unless those free nations that still remain unfettered are willing to band together on their own initiative, first of all, and then present to us and to the other allies a plan of action which will be developed by them themselves and brought forward. We have tried to draft here in Washington in the executive and in the legislative branch's blueprints for the defense of the world, and I must say that all of those blueprints, when they are reduced to terms of effective support for our efforts, show pretty much on the debit side of the ledger. We have not bought any friendship with the hundred and some odd billion dollars we have spent.

Third, in relation to Indochina, a question which was asked of me a great many times during my recent visit to my district in California was "What thought is being given to the utilization of the divisions of Chiang Kai-shek on Formosa"? Those are the divisions which General Van Fleet paid the high compliment to of saying of them that they were among the best he ever reviewed. These troops, in truth and in fact, are immobilized in Formosa and of no use to the eastern world, the western world, or anybody else. I hope that some consideration is being given to putting that force to effective use.

As one individual member of the Committee on Foreign Affairs, I submit that those three points, the matter of the mutual-assistance pact in southeast Asia, the matter of the independence of those nations who are expected to carry the fight for southeast Asia, and the utilization of forces that are readily available in that part of the world, the utilization of which forces could blunt in large part the Communist propaganda that this is a war between the white man and the yellow man—these things, I think, are deserving of serious consideration.

(Mr. H. CARL ANDERSEN asked and was given permission to revise and extend his remarks.)

Mr. H. CARL ANDERSEN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, after listening to this debate for 2 days there comes to my mind certain impressions, and I think that now is as good a time as any to express them in view of the fact that on tomorrow or the next day we will have before us a bill which affects the economy of this great Nation of ours more than any other considered or passed this session. I refer to the Hope bill coming out of the Committee on Agriculture, the so-called one package farm bill. I heard over the airwaves last night considerable oratory, having for its mistaken purpose the building up of pressure upon us in behalf of Mr. Benson's flexible price support program. I term it "mistaken" because Mr. Benson's program, if adopted, would depress farm income and bring to our doors the beginning of another depression. Mr. Benson and his supporters cry out to heaven against the cost of our price-support program. Yet, here in this one foreign aid bill we have three times the amount for foreigners than the total net realized loss of the price support program during the 20 years have amounted to. As the gentleman from Ohio [Mr. Brown] so aptly said yesterday, it is time to begin to reappraise our line of thinking upon all of these important matters. It is time, perhaps, to consider whether we could not knock off \$400 million, at least, of this authorization and on the other hand be a little liberal to our own farmers in helping to maintain the price level of our own economy. Drop the price level on our basic farm commodities and you will cut down by \$4 billion the purchasing power of agriculture. Do you not think it is about time to do a little serious thinking along that line? Is the prosperity of our own people not more important than many things in this bill? Is it not more important to see to it that our great dairy industry in America will be able to produce sufficient milk for the children of generations to come by giving the farmers an incentive through a fair price for that which he produces through long hours of labor? Is it not more important to do that? Or shall we dump \$85 million for example into India alone, in just one item here in the bill before us, an item under the heading "Development assistance." What do we propose to do with this \$85 million?

By the way, I want to say to you that my subcommittee had an hour's conference with a very fine gentleman, the head of the Indian Government, Mr. Nehru, last October. But, never once during that hour's conference did Mr. Nehru even express a semblance of gratitude for the \$200 million that we have donated to that country in foreign aid in the last 3 years. It made me stop and think. Yet, we have another \$85 million here for such things as what? Deep wells for irrigation, railroad rolling stock, a fertilizer plant, transmission lines, a dam to avert flood danger. Yet, we had a \$10 million flood damage just the other day in the great State of Iowa. Has the Congress done anything about that?

Yes, here is an item of \$5 million for the transmission and distribution of electric power. And yet, the other day, Nebraska was denied, by the conferees on the Interior Department bill, an item

for the building of a transmission line to take Missouri River power into that State; and my own transmission line leading into Minnesota from the same river cannot be completed into its logical loop arrangement because of the cost.

When last fall I saw this program of 2,650 deep wells coming into being in India at a cost of \$8,000 each to the taxpayers of the United States, those same deep wells each bringing into being 700 or 800 acres of top cotton production, to take away much of our own market in the Orient, it set me to thinking whether or not the Congress was being foolishly generous toward people abroad, and whether the Congress should not be thinking a little bit more of our own people. Perhaps it is not so glamorous to help our own. I did see much in India which was good.

I saw there the wonderful work being done under the point 4 program, the program of technical cooperation. We show them how to live in decency and cleanliness. We teach junior county agents, who in turn teach their own people. That is fine work. I am for that. But I am not for sinking 2,650 deep wells to help them increase production to a point where we will lose our cotton markets. I am not for that kind of foolishness. I am not for the sort of foolishness that will give them \$5 million for a transmission line when Nebraska and Minnesota cannot get what they need. Let us give to these people our "know-how," but let us not be extravagant and spend millions of dollars for production of competing goods—yes, millions of dollars we must first borrow and add to our \$275 billion debt. Even now Congress must raise our debt limit.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

(Mr. H. CARL ANDERSEN asked and was given permission to proceed for an additional 2 minutes.)

Mr. H. CARL ANDERSEN. As a member of the subcommittee on appropriations, which will later bring in the appropriation bill under this authorization act, I hope to be instrumental in cutting out about \$400 million from this bill and utilizing that \$400 million instead to hold price supports beneath the basic commodities of this great Nation of ours, the farm commodities which are the basis of our economy; the farm commodities which determine whether or not your people in the cities are going to have enough to eat and jobs for your people. If you crush down the prices of those farm commodities, as Secretary Benson would like you to do, and go into flexible price supports, you will see what will happen to our economy. Why must we gamble with our own financial security?

Mr. O'KONSKI. Mr. Chairman, will the gentleman yield?

Mr. H. CARL ANDERSEN. I yield to the gentleman from Wisconsin.

Mr. O'KONSKI. I think the gentleman should clarify a statement that he has made. He said that the Prime Minister of India, Mr. Nehru, did not express appreciation of the help that he got from us. Mr. Nehru did express some appreciation because, when our planes were

on a mission of mercy to help the garri-son at Dien Bien Phu in Indochina, he made those planes fly an extra 1,500 miles out of the way.

Also, on yesterday, while this bill provides more help for him, he had a meeting with the Premier of Red China, gang-ing up against us.

Mr. H. CARL ANDERSEN. I repeat that in the conference that Mr. JENSEN, of Iowa, Mr. HUNTER, of California, and I had with Mr. Nehru, lasting some 55 minutes, not once did he suggest in my hearing any gratitude for the \$200 million that we have poured into India in 3 years. I think the time has come when we should be blunt. I think the time has come to give a little bit of this largesse, if you will, to some of our own people.

Mr. DIES. Mr. Chairman, will the gentleman yield?

Mr. H. CARL ANDERSEN. I yield to the gentleman from Texas.

Mr. DIES. Does not the gentleman realize that he is preaching a very revolutionary doctrine when he suggests that if we have got anything to give away that we ought to give it away here?

Mr. H. CARL ANDERSEN. Revolutionary or not, I hope the Congress will follow my suggestion and remove from this bill any item which is not strictly a defense item, or which is not technical cooperation. I cannot vote for a bill of this magnitude. There is nearly \$1 billion too much in it.

Mr. CHIPERFIELD. Mr. Chairman, I move to strike out the last word.

(Mr. CHIPERFIELD asked and was given permission to extend his remarks in the RECORD at this point.)

DOMESTIC BENEFITS DERIVED FROM MUTUAL SECURITY PROGRAM

Mr. CHIPERFIELD. Mr. Chairman, many times when we consider the mutual-security program authorizing huge sums to assist foreign countries in the mutual-defense effort we are prone to think of them as giveaway programs which in turn do not benefit the United States. The justification for the mutual-security program rests on its contribution to the security and well-being of the United States in carrying out important elements of United States foreign policy. Reference to the justification in these terms, however, allows to pass unnoticed the benefits which many United States citizens—workers, farmers, manufacturers, and others—can see and feel from day to day in measurable form. As part of the whole picture these benefits should be borne in mind. They accrue immediately from dollars spent under the program in the United States, and accrue ultimately from dollars spent overseas, since virtually all dollars must eventually find their way back to be spent in the United States. Benefits to the following groups within the United States are illustrative:

First. Farmers:

(a) Farmers are benefited by the extensive purchases of United States agricultural commodities for use in the program. These purchases totaled over \$535 million in fiscal year 1953 and the first 8 months of fiscal year 1954, and an additional \$228 million in agricultural surplus has been purchased or con-

tracted for fiscal year 1954 with section 550 funds. Even greater purchases are anticipated in fiscal year 1955.

(b) Farmers are benefited by the opening of new markets as the economic development of foreign countries increases standards of living and per capita food consumption.

Second. Manufacturers:

(a) Manufacturers of civilian items ranging from bulldozers to needles, and their employees, are benefited by purchases of hundreds of millions of dollars' worth of civilian products annually. As an example of the scope of these purchases, during fiscal year 1953 and the first 7 months of fiscal year 1954 over \$720 million of paid shipments for such items were financed by FOA from the United States and its possessions.

(b) Manufacturers of items for military use and their employees are benefited by the purchase of billions of dollars' worth of their equipment for delivery to foreign countries.

(c) Manufacturers of farm machinery and their employees are benefited by increased sales as technical cooperation programs train people in underdeveloped countries in the use and advantages of United States plows, tractors, and other modern implements. For example, since the technical cooperation farm machinery program began in Peru 10 years ago, tractor sales in Peru by private United States firms have increased from \$453,000 to \$5,700,000. They are benefited also by irrigation projects which increase the amount of arable land, creating a need for efficient modern equipment.

(d) The same principle applies to other types of equipment and material used in technical cooperation and development assistance programs. An illustration of the relationship between these programs and sales by private United States manufacturers is the 800-percent increase in the annual sale of United States pharmaceutical products in Latin America since the technical cooperation health program began there 12 years ago. As the standard of living of these countries increases, the demand for United States products and the purchasing power to secure such products increases.

Third. Small-business owners: The owners of small businesses are benefited by increased business opportunities arising from the activities in the Office of Small Business, FOA, including:

(a) Distribution overseas of 60,000 copies of a special directory listing 15,000 United States manufacturers.

(b) Placing United States firms in contact with foreign firms seeking business contracts, and

(c) Supplying United States firms with advance information about contracts which are to be financed by FOA.

Fourth. Investors: United States investors are benefited by increased overseas investment possibilities. The Investment Guaranty Program insures overseas investments against the non-business risks of expropriation and non-convertibility of foreign currency. Over \$45 million in private overseas investments have already been guaranteed, with 50 applications for convertibility

guaranties of about \$60 million pending, and 27 applications for expropriation guaranties of about \$30 million pending.

Fifth. Church groups and voluntary relief agencies: Many church groups and other organizations which ship articles of relief—clothing, food, medicine, and so forth—to overseas destinations are benefited by the provision of shipping facilities without cost to destinations throughout the world. Over 120 million pounds of relief supplies valued at \$43 million have been shipped without cost as of March 31, 1954.

Sixth. Engineering firms: Engineering firms have entered into industrial contracts as part of programs financed by the Foreign Operations Administration of a value of over \$60 million during the past 6 years.

Seventh. Universities and colleges: Twenty-five universities and colleges, within the United States are participating, as of May 15, 1954, in 35 contracts of a value of \$10,619,038 with foreign colleges and universities as part of programs financed by the Foreign Operations Administration. In fiscal year 1955 it is anticipated that approximately 50 new contracts will be entered of a value of about \$15 million.

I was one of the sponsors of the provision in this bill, under section 103 (c) which limits the procurement of materials outside the United States when it has an adverse effect on the economy of this country. The purpose of this provision is to prevent unfair competition with production in this country, and give an equal opportunity to procure the same items here, especially from distressed labor areas such as those that have been placed in group 4 by our Labor Department.

I helped sponsor the provision in this bill which would dispose of \$500 million agricultural surplus products abroad. This should be of great benefit to the farmers.

I supported the provisions in this bill which are designed to be of assistance to small business in helping them secure their share of defense contracts.

I also offered an amendment in committee which would have prohibited the use of our troops in Indochina for combat duty unless there has been previous approval by the Congress. The adoption of such an amendment, I believe, has been taken care of by section 102 of this bill. The report—page 11—bears out that fact:

This section makes clear that United States military personnel can be assigned to foreign nations solely for noncombatant duty, including the furnishing of training and advice. This language is included to give reassurance that military assistance authorized in this bill does not include participation by United States forces in combat.

Mr. HARDY. Mr. Chairman, I move to strike out the last word.

Mr. VORYS. If the gentleman will yield, Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 10 minutes, including the time allotted to the gentleman from Virginia.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. HARDY. Mr. Chairman, I have taken this time because I want to make an inquiry of the chairman of the committee. On page 21 of the committee report there appears a tabulation of offshore procurement. It shows that for the fiscal year 1954 there was \$56 million for the offshore procurement of ships. The table below indicates it is tentatively planned to procure \$28 million worth of ships offshore for the next fiscal year. Presumably that amount of money is in this bill. Can the gentleman tell me whether I am reading this proposition correctly?

Mr. VORYS. For offshore procurement of ships?

Mr. HARDY. That is correct.

Mr. VORYS. That is all I know of. These are coastwise ships. I think, though, there are some vessels for Korea mentioned in another part of the bill.

Mr. HARDY. I would like to know first of all whether the committee has any fixed position that we must procure these valuable ships offshore at a time when our own shipbuilding industry is in such bad condition?

Mr. VORYS. The committee attempted to put language in section 103 which would limit offshore procurement. That is on page 4 of the bill, line 9 to the bottom of the page and onto the next page. All of section 103 (c) has to do with limitations on offshore procurement, that I think would have an effect on the shipbuilding industry.

Mr. HARDY. I thank the gentleman for calling that to my attention. I have read that provision, but I still note it is tentatively planned to procure \$28 million worth of ships overseas at a time when they are building more ships than we are and their shipbuilding industry is in a healthier condition than ours. It makes me a little sick when I see one of the great navy yards of this country, located in my district, that in World War II employed 45,000 people to keep our Navy ships building and in fighting condition, reduced now to 13,000, which is a little more than 20 percent below the peak which it occupied during Korea, not during World War II but during Korea. Where can these people go? There is no other industry to accommodate them. Their skills and know-how are going to be dissipated.

What is the answer we get from the Navy? The Navy says we are trying to carry on all of the shipbuilding industry in the United States. There is no merchant shipbuilding.

Mr. DEVEREUX. Mr. Chairman, will the gentleman yield?

Mr. HARDY. If the gentleman can straighten this out for me, I would be happy to yield, but if we spend one dime of this \$28 million for offshore procurement of ships when our industry is in such poor condition, it is awfully poor judgment, in my book.

Mr. DEVEREUX. I would like to join with the gentleman from Virginia in the statement he is making. I think it should be brought to the attention of this committee so far as offshore procurement of offshore vessels is concerned that what we are doing is bolstering up the yards abroad, which are much

more vulnerable than our yards, which we are allowing to go by the wayside.

Mr. HARDY. I thank the gentleman. That is not only true, but the truth of the matter is we are weakening our own productive capacity to the point that if we are attacked any time soon we will be vulnerable.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. HARDY. I yield to the gentleman from Iowa.

Mr. GROSS. Yesterday, during general debate, I called attention to the millions in this bill for more offshore procurement. I am glad to see the gentleman from Virginia get up here this afternoon as one of the first on the floor of the House to speak out against this business of gutting American industry and especially labor.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. HARDY. I yield to the gentleman from Minnesota.

Mr. JUDD. On page 310 is the description of these vessels. I read from the testimony of Mr. Tracy Voorhees, Director of Offshore Procurement, Department of Defense:

The new ship construction consists of two destroyer escorts which for special military reasons the Navy desires to purchase in Italy.

Note it is for special military reasons.

Mr. HARDY. If that is the case, I am going to ask the Navy for those reasons.

Mr. JUDD. The gentleman ought to do that.

The balance consists of inshore minesweepers—small vessels of a type produced only in Europe—and one net tender. There is a great advantage in such purchases in what the Navy designates as the user-builder principle. Under this, where practicable, the nation for which the ship is intended will build it.

Mr. HARDY. Does the gentleman understand that testimony to mean we cannot build those ships in this country?

Mr. JUDD. It says that type of ship is not being built in this country; they are being built at this time only in the parts of Europe where they are to be used.

(Mr. HARDY asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. VORYS].

Mr. VORYS. Mr. Chairman, let us get our minds back on the Harrison amendment. This amendment would effectively paralyze the plans and policy which our Government is formulating in the fluid and critical condition in Indochina and east Asia.

Mr. CURTIS of Missouri. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield.

Mr. CURTIS of Missouri. I would like to talk about this amendment. You have a carryover of \$500 million.

Mr. VORYS. That is right; \$1,390,000,000 are involved. The amendment would leave the carryover, but would strike out the new money.

Mr. CURTIS of Missouri. You only spent \$175 million last year?

Mr. VORYS. Yes, because the money for this year goes to the French to reimburse them for expenses in their calendar year of 1954. Their budget is different from ours, and so based on what has already been done, we will be making payments until the spring of next year.

Mr. CURTIS of Missouri. I understand that the minority views on page 2 state that the executive branch witnesses did not give you any details. Is that true?

Mr. VORYS. That is correct. This was left quite fluid.

Mr. Chairman, I now want to yield the remaining time to our distinguished majority leader, the gentleman from Indiana [Mr. HALLECK].

Mr. HALLECK. Mr. Chairman, I certainly hope this amendment does not prevail. Of course, we all realize the necessity for passing this authorization bill. It will subsequently be followed by an appropriation bill, when again we will have another look at all of these items. I do not like to vote on items such as this when you cannot spell out definitely and distinctly exactly everything that you expect to do. But I have heard enough in the last few weeks and months to convince me that this situation in southeast Asia and in the western Pacific, as it has developed, is of such vital interest to the national defense of this country and to our security and welfare that it would be a terrible mistake to strike out this money.

As the gentleman from Ohio has said, the situation there is fluid. It changes from day to day. Under that sort of circumstance, no one is in a position to say at this moment just where this money would be used. All of us hope that part of Indochina at least can be saved. But whatever happens in Indochina, there are other great sections in that part of the world involved which, if they should fall, could well seriously threaten and would seriously threaten the security of our country. Certainly this is no time for us to back off. This is no time for us to evidence an abandonment of interest in that area of the world. I am afraid that the adoption of the amendment offered by the gentleman from Virginia would be exactly in that direction.

Mr. RICHARDS. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield.

Mr. RICHARDS. I wholeheartedly agree with the statement just made by the distinguished majority leader. Conditions are such in Asia and in the Pacific area at this time that it would be very unwise not to provide this money and it would be very unwise if we did not also provide the flexibility which is so necessary to meet any situation which might arise there.

Mr. VORYS. Mr. Chairman, may I say this particular item and the broad authority given to the President was discussed and agreed upon at the State Department at a very large bipartisan meeting. Now I do not mean to say for a minute that any such bipartisan group can bind the House of Representatives or the Committee of the Whole, but this broad authorization has

not been decided on lightly and has not been passed on without the fullest information as to the difficult and dangerous situation which we face.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia [Mr. HARRISON].

The amendment was rejected.

The Clerk read as follows:

SEC. 122. Production for forces support: There is hereby authorized to be appropriated to the President for the fiscal year 1955, to be made available on such terms and conditions, including transfer of funds, as he may specify, not to exceed \$75 million for manufacture in the United Kingdom of military aircraft required by United Kingdom forces for the defense of the North Atlantic area. In addition, unexpended balances of appropriations made pursuant to section 102 of the Mutual Security Act of 1951, as amended, are hereby authorized to be continued available for their original purposes through June 30, 1955, and the unexpended balance of the appropriation made pursuant to the second clause of that section is authorized to be consolidated with the appropriation authorized by this section.

Mr. BENTLEY. Mr. Chairman, I offer an amendment which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. BENTLEY: On page 14, line 9, strike out all of section 122, and insert in lieu thereof the following:

"SEC. 122. Production for forces support: The unexpended balances of appropriations made pursuant to section 102 of the Mutual Security Act of 1951, as amended, are hereby authorized to be continued available for their original purposes through June 30, 1955."

The CHAIRMAN. The gentleman is recognized in support of his amendment.

Mr. BENTLEY. Mr. Chairman, this section which we have here is for the purpose of authorizing \$75 million for the manufacture in Great Britain of military aircraft required by the United Kingdom forces.

I have this sheet which I showed when I was speaking on the other amendment, which is a status summary of the mutual-security program, as of April 30, 1954. Last year our dear friends and cousins received for this purpose for military aircraft from us the sum of \$85 million. Looking on this summary we find as of April 30, 1954, there has remained of that sum, not only unexpended but also unobligated, \$85 million—the entire amount. In other words, the executive branch has not yet been able to make up its mind how to expend or obligate those funds.

The amendment would reauthorize the unexpended amount last year, but would strike out any new money, which is \$75 million.

I have here a statement which the Foreign Operations Administration got me through the American Embassy in London when I asked the question, "How much assistance does the British Government give to their Government aircraft industry?" In other words, I wanted to know whether this \$75 million was for British military aircraft or British civil aircraft. Dr. FitzGerald says it is very difficult to answer my question because it is almost impossible to separate out assistance to commercial aircraft development from assistance to

development of military aircraft. Quoting from this memorandum from our Embassy, I would like to read:

It is virtually impossible to determine quantitatively the amount of British Government assistance to civil aircraft development since the war. This is true for several reasons:

As in the United States, military and civil research and development are inextricably interrelated, and a method of determining the amount of government assistance properly allocable to each is not known to have been developed by the British.

The British often adapt to military use aircraft that have been originally developed for civil transport.

All engines used by British civil aircraft were developed for the military under military development contracts.

However, here, too, a division of the government aid between the military and civil has never been made, so far as the Embassy has been able to ascertain.

In other words, Mr. Chairman, if you agree to the provision of this \$75 million of new funds for the British military aircraft industry, you may very well some day find that you have voted for the subsidization of the British civilian aircraft industry.

In the time remaining to me, I would like to ask the distinguished floor leader, the gentleman from Ohio, if he cares in his own individual capacity, not necessarily speaking as floor leader, to give me his own opinion as to whether this aid to the United Kingdom is justified with reference to the military aircraft—if he cares to do so at this time.

Mr. VORYS. The gentleman embarrasses me somewhat. I cannot speak for the committee viewpoint on this item because, as the gentleman well knows, since this was outside our JCS force goal set up for Britain, I did not feel that it was the kind of economic aid that was necessary. However, the committee voted otherwise.

Mr. BENTLEY. I regret having embarrassed the gentleman, but I did value his individual viewpoint.

Mr. HOLT. Mr. Chairman, will the gentleman yield?

Mr. BENTLEY. I yield.

Mr. HOLT. Would the gentleman please answer me as to what happened to the money we allocated last year to both France and Britain?

Mr. BENTLEY. In the case of France new money has not been requested, so I cannot give any details concerning it. But I know that, as of April 30, not a single penny of the British allocation has been spent.

Mr. SMITH of Wisconsin. As a matter of fact, is it not true that this is economic aid?

Mr. BENTLEY. Surely; it is direct budgetary support for the United Kingdom.

Mr. WHITTEN. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I take this time to point out here once again—I had planned to wait until the appropriation bill which presumably will follow this bill in support of this authorization—to make clear and to point out that in this bill what we are largely doing is underwriting our competitors in practically every direction that you may look.

I think it is wholly appropriate for us to pause a moment and realize just what is involved here in view of the farm bill which is to be taken up by this House immediately following disposition of the pending bill.

Did you know that under the terms of this bill they have been building 2,600 deep wells in India in order to irrigate land to enable them to compete with us for the cotton markets?

Did you realize that under mutual security and the preceding loans program that we set Italy up in the manufacture of synthetic fibers at the loss of markets to the farmers of the United States?

Did you realize that it is here we are underwriting the civilian air-manufacturing facilities of the British in years ahead to compete with our own?

Did you realize that by paying the bills of foreign countries through the years that we have had this program we have financed more soil conservation in those countries, 3 to 1, than we have in our own country?

Did you know that by financing the bills of these countries that we have reforested far more land in foreign countries than we can hope to get through this Congress to take care of our own?

Here is the point I want to make: In addition to what is in this bill, at a time when we have a stockpile of \$104 billion worth of military materiel, when we spend \$40 billion annually for national defense because of the dangerous international situation, we find the Secretary of Agriculture and the Vice President of the United States on the air saying that we should cut back our farm production in this country practically to that necessary to meet domestic needs. We have only about \$6½ billion worth of so-called surplus commodities. Those commodities are not surplus to world needs, nor actually are they surplus to our security needs. Those commodities, due to the actions of those in Mutual Security and in the State Department, are not moving in world trade on a competitive basis. When offered they are offered on a prevailing price basis. That means that we offer at the prevailing world price; then when foreign countries reduce or discount theirs, we are not meeting their competitive price. We hold ours back. We therefore are merely a residual supplier. Remember the Commodity Credit Corporation has the authority to sell now—but by administrative policy the Corporation is prevented from doing so.

I say to you today, Mr. Chairman, that when we continue through this foreign aid program to underwrite the competition against the United States in every field throughout the world, and then by a trade policy limit our commodities to domestic consumption, and as a result have the administration strike at the program which protects American agriculture, you are being awfully short-sighted. I think it is time, just before the farm bill comes up for consideration, to realize that in addition to the foreign aid you provide here, you are also, as Government policy, holding American farmers out of the markets that our people have enjoyed over the years. The policy in effect limits American agricul-

ture to producing for the domestic market only. I say that does not lead to peace, it does not lead to security at home for a prosperous agriculture is the basis for our whole economy.

May I point out that the commodities that may be provided through this bill, are not given to the peoples of these countries; they are given to incumbent governments which sell them to the people of their countries, most of whom think we are making a profit. If through this means we underwrite the existing factions in control of the countries of the world, what fix are we going to be in when the outs finally do get in in those countries. They do not differ from our own. Here we are running overboard to increase the authorization for foreign aid when there is more than \$9 billion now that have not been committed and that have not been used. You would authorize even before they used the last we gave them.

I do not have to remind you that when we voted for the Marshall plan, we set a limit of 4 years yet years later we are doing the same thing, pouring out the natural resources of the United States to every country in the world so that they may have the markets we need. The same leadership that sponsors this bill will be here in less than 2 days asking you to reduce the supports on American agricultural products and to force reductions in production almost to normal needs, all at a time when this Government is holding our commodities off world markets at competitive prices. By the bill before us you will create new competitors.

Mr. COLE of New York. Mr. Chairman, I move to strike out the last word, and I ask unanimous consent to proceed out of order.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. COLE of New York. Mr. Chairman, because of the widespread interest in the subject matter involved, I take this opportunity of advising the House of a statement that has just been made by the Atomic Energy Commission.

The Atomic Energy Commission announced today that it had reached a decision in the matter of Dr. J. Robert Oppenheimer.

The Commission by a vote of 4 to 1 decided that Dr. Oppenheimer should be denied access to restricted data. Commissioners Strauss, Murray, Zuckert, and Campbell voted to deny clearance for access to restricted data, and Commissioner Smyth voted to reinstate clearance for access to restricted data. Messrs. Strauss, Zuckert, and Campbell signed the majority opinion; Mr. Murray concurred with the majority decision in a separate opinion. Dr. Smyth supported his conclusion in a minority opinion.

Certain members of the Commission issued additional statements in support of their conclusions. These opinions and statements follow:

UNITED STATES,
ATOMIC ENERGY COMMISSION,
Washington, D. C., June 29, 1954.

The issue before the Commission is whether the security of the United States

warrants Dr. J. Robert Oppenheimer's continued access to restricted data of the Atomic Energy Commission. The data to which Dr. Oppenheimer has had until recently full access include some of the most vital secrets in the possession of the United States.

Having carefully studied the pertinent documents, the transcript of the hearings before the Personnel Security Board (Gray Board), the findings and recommendation of the Board, the briefs of Dr. Oppenheimer's counsel, and the findings and recommendation of the General Manager, we have concluded that Dr. Oppenheimer's clearance for access to restricted data should not be reinstated.

The Atomic Energy Act of 1946 lays upon the Commissioners the duty to reach a determination as to the character, associations, and loyalty of the individuals engaged in the work of the Commission. Thus, disloyalty would be one basis for disqualification, but it is only one. Substantial defects of character and imprudent and dangerous associations, particularly with known subversives who place the interests of foreign powers above those of the United States, are also reasons for disqualification.

On the basis of the record before the Commission, comprising the transcript of the hearing before the Gray Board as well as reports of Military Intelligence and the Federal Bureau of Investigation, we find Dr. Oppenheimer is not entitled to the continued confidence of the Government and of this Commission because of the proof of fundamental defects in his character.

In respect to the criterion of "associations," we find that his associations with persons known to him to be Communists have extended far beyond the tolerable limits of prudence and self-restraint which are to be expected of one holding the high positions that the Government has continuously entrusted to him since 1942. These associations have lasted too long to be justified as merely the intermittent and accidental revival of earlier friendships.

Neither in the deliberations by the full Commission nor in the review of the Gray Board was importance attached to the opinions of Dr. Oppenheimer as they bore upon the 1949 debate within the Government on the question of whether the United States should proceed with the thermonuclear weapon program. In this debate Dr. Oppenheimer was, of course, entitled to his opinion.

The fundamental issues here are apart from and beyond this episode. The history of their development is as follows:

On December 23, 1953, Dr. Oppenheimer was notified that his security clearance had been suspended, and he was provided with the allegations which had brought his trustworthiness into question. He was also furnished with a copy of the Atomic Energy Commission's Security Clearance Procedures, and was informed of his right to a hearing under those procedures. By telegram dated January 29, 1954, Dr. Oppenheimer requested a hearing. On March 4, 1954, after requesting and receiving three extensions of time, he submitted his answer to the letter of December 23, 1953. On March 15, 1954, Dr. Oppenheimer was informed that Mr. Gordon Gray, Mr. Thomas A. Morgan, and Dr. Ward V. Evans would conduct the hearing.

The hearing before the Gray Board commenced on April 12, 1954, and continued through May 6, 1954. Dr. Oppenheimer was represented by 4 lawyers. He was present to confront all witnesses; he had the opportunity to cross-examine all witnesses; his counsel made both oral and written argument to the Board.

The Board submitted its Findings and Recommendation to the General Manager of the Commission on May 27, 1954. A majority of the Board recommended against rein-

statement of clearance, Dr. Evans dissenting.

Dr. Oppenheimer had full advantage of the security procedures of the Commission. In our opinion he had a just hearing.

On May 28, 1954, the General Manager notified Dr. Oppenheimer of the adverse recommendation of the Personnel Security Board and forwarded to him a copy of the Board's Findings and Recommendation. The General Manager informed Dr. Oppenheimer of his right to request review of his case by the Personnel Security Review Board. Dr. Oppenheimer was also informed that upon consideration of the record in the case—including the recommendation of the Personnel Security Review Board in the event review by that Board was requested—the General Manager would submit to the Commission his own recommendation as to whether or not clearance should be reinstated and that the Commission would thereafter make the final determination.

By letter of June 1, 1954, Dr. Oppenheimer waived his right to a review of his case by the Personnel Security Review Board. He requested immediate consideration of his case by the Commission. On June 7, 1954, his counsel submitted a written brief to the Commission. The General Manager reviewed the testimony and the Findings and Recommendation of the Gray Board and the briefs; his conclusion that Dr. Oppenheimer's clearance should not be reinstated was submitted to the Commission on June 12, 1954.

Prior to these proceedings, the derogatory information in Government files concerning Dr. Oppenheimer had never been weighed by any board on the basis of sworn testimony.

The important result of these hearings was to bring out significant information bearing upon Dr. Oppenheimer's character and associations hitherto unknown to the Commission and presumably unknown also to those who testified as character witnesses on his behalf. These hearings additionally established as fact many matters which previously had been only allegations.

In weighing the matter at issue, we have taken into account Dr. Oppenheimer's past contributions to the atomic energy program. At the same time, we have been mindful of the fact that the positions of high trust and responsibility which Dr. Oppenheimer has occupied carried with them a commensurately high obligation of unequivocal character and conduct on his part. A Government official having access to the most sensitive areas of restricted data and to the innermost details of national war plans and weapons must measure up to exemplary standards of reliability, self-discipline, and trustworthiness. Dr. Oppenheimer has fallen far short of acceptable standards.

The record shows that Dr. Oppenheimer has consistently placed himself outside the rules which govern others. He has falsified in matters wherein he was charged with grave responsibilities in the national interest. In his associations he has repeatedly exhibited a willful disregard of the normal and proper obligations of security.

As to "character":

(1) Dr. Oppenheimer has now admitted under oath that while in charge of the Los Alamos laboratory and working on the most secret weapon development for the Government, he told Colonel Pash a fabrication of lies. Colonel Pash was an officer of military intelligence charged with the duty of protecting the atomic weapons project against spies. Dr. Oppenheimer told Colonel Pash in circumstantial detail of an attempt by a Soviet agent to obtain from him information about the work on the atom bomb. This was the Haakon Chevalier incident. In the hearings recently concluded, Dr. Oppenheimer under oath swears that the story he told Colonel Pash was a "whole fabrication and tissue of lies" (tr., p. 149).

It is not clear today whether the account Dr. Oppenheimer gave to Colonel

Pash in 1943 concerning the Chevalier incident or the story he told the Gray board last month is the true version.

If Dr. Oppenheimer lied in 1943, as he now says he did, he committed the crime of knowingly making false and material statements to a Federal officer. If he lied to the board, he committed perjury in 1954.

(2) Dr. Oppenheimer testified to the Gray board that if he had known Giovanni Rossi Lomanitz was an active Communist or that Lomanitz had disclosed information about the atomic project to an unauthorized person, he would not have written to Colonel Landsdale of the Manhattan District the letter of October 19, 1943, in which Dr. Oppenheimer supported the desire of Lomanitz to return to the atomic project.

The record shows, however, that on August 26, 1943, Dr. Oppenheimer told Colonel Pash that he (Oppenheimer) knew that Lomanitz had revealed information about the project. Furthermore, on September 12, 1943, Dr. Oppenheimer told Colonel Landsdale that he (Oppenheimer) had previously learned for a fact that Lomanitz was a Communist Party member (tr., pp. 118, 119, 128, 129, 143, 875).

(3) In 1943, Dr. Oppenheimer indicated to Colonel Landsdale that he did not know Rudy Lambert, a Communist Party functionary. In fact, Dr. Oppenheimer asked Colonel Landsdale what Lambert looked like. Now, however, Dr. Oppenheimer under oath has admitted that he knew and had seen Lambert at least half a dozen times prior to 1943; he supplied a detailed description of Lambert; he said that once or twice he had lunch with Lambert and Isaac Folkoff, another Communist Party functionary, to discuss his (Oppenheimer's) contributions to the Communist Party; and that he knew at the time that Lambert was an official in the Communist Party (tr. pp. 139, 140, 877).

(4) In 1949, Dr. Oppenheimer testified before a closed session of the House Un-American Activities Committee about the Communist Party membership and activities of Dr. Bernard Peters. A summary of Dr. Oppenheimer's testimony subsequently appears in a newspaper, the Rochester Times Union. Dr. Oppenheimer then wrote a letter to that newspaper. The effect of that letter was to contradict the testimony he had given a congressional committee (tr. pp. 210-215).

(5) In connection with the meeting of the General Advisory Committee on October 29, 1949, at which the thermonuclear-weapon program was considered, Dr. Oppenheimer testified before the Gray Board that the General Advisory Committee was "surprisingly unanimous" in its recommendation that the United States ought not to take the initiative at that time in a thermonuclear program. Now, however, under cross-examination, Dr. Oppenheimer testifies that he did not know how Dr. Seaborg (one of the nine members of Dr. Oppenheimer's committee) then felt about the program, because Dr. Seaborg "was in Sweden, and there was no communication with him." On being confronted with a letter from Dr. Seaborg to him dated October 14, 1949—a letter which had been in Dr. Oppenheimer's files—Dr. Oppenheimer admitted having received the letter prior to the General Advisory Committee meeting in 1949. In that letter Dr. Seaborg said: "Although I deplore the prospects of our country putting a tremendous effort into this, I must confess that I have been unable to come to the conclusion that we should not." Yet Dr. Seaborg's view was not mentioned in Dr. Oppenheimer's report for the General Advisory Committee to the Commission in October 1949. In fact, the existence of this letter remained unknown to the Commission until it was disclosed during the hearings (tr. pp. 233, 237-241).

(6) In 1950, Dr. Oppenheimer told an agent of the Federal Bureau of Investigation that he had not known Joseph Wein-

berg to be a member of the Communist Party until that fact became public knowledge. Yet on September 12, 1943, Dr. Oppenheimer told Colonel Lansdale that Weinberg was a Communist Party member (tr., p. 875).

The catalog does not end with these six examples. The work of Military Intelligence, the Federal Bureau of Investigation and the Atomic Energy Commission—all, at one time or another have felt the effect of his falsehoods, evasions and misrepresentations.

Dr. Oppenheimer's persistent and willful disregard for the obligations of security is evidenced by his obstruction of inquiries by security officials. In the Chevalier incident, Dr. Oppenheimer was questioned in 1943 by Colonel Pash, Colonel Lansdale and General Groves about the attempt to obtain information from him on the atomic bomb project in the interest of the Soviet Government. He had waited 8 months before mentioning the occurrence to the proper authorities. Thereafter for almost 4 months Dr. Oppenheimer refused to name the individual who had approached him. Under oath he now admits that his refusal to name the individual impeded the Government's investigation of espionage. The record shows other instances where Dr. Oppenheimer has refused to answer inquiries of Federal officials on security matters or has been deliberately misleading.

As to "associations":

"Associations" is a factor which, under the law, must be considered by the Commission. Dr. Oppenheimer's close association with Communists is another part of the pattern of his disregard of the obligations of security.

Dr. Oppenheimer, under oath, admitted to the Gray Board that from 1937 to at least 1942 he made regular and substantial contributions in cash to the Communist Party. He has admitted that he was a fellow-traveler at least until 1942. He admits that he attended small evening meetings at private homes at which most, if not all, of the others present were Communist Party members. He was in contact with officials of the Communist Party, some of whom had been engaged in espionage. His activities were of such a nature that these Communists looked upon him as one of their number.

However, Dr. Oppenheimer's early Communist affiliations are not in themselves a controlling reason for our decision.

They take on importance in the context of his persistent and continuing association with Communists, including his admitted meetings with Haakon Chevalier in Paris as recently as last December—the same individual who had been intermediary for the Soviet consulate in 1943.

On February 25, 1950, Dr. Oppenheimer wrote a letter to Chevalier attempting "to clear the record with regard to your alleged involvement in the atom business." Chevalier used this letter in connection with his application to the State Department for a United States passport. Later that year Chevalier came and stayed with Dr. Oppenheimer for several days at the latter's home. In December 1953 Dr. Oppenheimer visited with Chevalier privately on two occasions in Paris and lent his name to Chevalier's dealings with the United States Embassy in Paris on a problem which, according to Dr. Oppenheimer, involved Chevalier's clearance. Dr. Oppenheimer admitted that today he has only a "strong guess" that Chevalier is not active in Communist Party affairs.

These episodes, separately and together, present a serious picture. It is clear that for one who has had access for so long to the most vital defense secrets of the Government and who would retain such access if his clearance were continued Dr. Oppenheimer has defaulted, not once but many

times, upon the obligations that should and must be willingly borne by citizens in the national service.

Concern for the defense and security of the United States requires that Dr. Oppenheimer's clearance should not be reinstated.

Dr. J. Robert Oppenheimer is hereby denied access to restricted data.

LEWIS L. STRAUSS,

Chairman.

EUGENE M. ZUCKERT,¹

Commissioner.

JOSEPH CAMPBELL,¹

Commissioner.

STATEMENT BY COMMISSIONER ZUCKERT

1. BASIS OF AGREEING TO DENY ACCESS

In subscribing to the majority decision and the substance of the Commission opinion, I have considered the evidence as a whole and no single factor as decisive. For example, Dr. Oppenheimer's early Communist associations by themselves would not have led me to my conclusion. The more recent connections, such as those with Lomanitz and Bohm, would not have been decisive. The serious 1943 incident involving Chevalier would not have been conclusive, although most disturbing and certainly aggravated by the continuation of the relationship between Chevalier and Dr. Oppenheimer. Individual instances of lack of veracity, conscious disregard of security considerations and obstruction of proper security inquiries would not have been decisive.

But when I see such a combination of seriously disturbing actions and events as are present in this case, then I believe the risk to security passes acceptable bounds. All these actions and events and the relation between them make no other conclusion possible in my opinion than to deny clearance to Dr. Oppenheimer.

There follow some additional observations of my own which I believe are pertinent in the consideration of this case and the problems underlying it.

It is a source of real sadness to me that my last act as a public official should be participation in the determination of this matter, involving as it does, an individual who has made a substantial contribution to the United States. This matter certainly reflects the difficult times in which we live.

2. SECURITY IN 1954

The fact is that this country is faced with a real menace to our national security which manifests itself in a great variety of ways. We are under the necessity of defending ourselves against a competent and ruthless force possessed of the great advantage that accompanies the initiative. There is no opportunity which this force would not exploit to weaken our courage and confuse our strength.

The degree of attention which Dr. Oppenheimer's status has evoked is indication of the extent to which this force has imposed upon us a new degree of intensity of concern with "security." There has always been a recognition of the need for security precautions when war threatened or was actually in progress. It is new and disquieting that security must concern us so much in times that have so many of the outward indications of peace. Security must indeed become a daily concern in our lives as far as we can see ahead.

In this Nation, I believe we have really commenced to understand this only within the past 10 years. It would be unrealistic to imagine that in that brief period of time we could have acquired a well-rounded understanding, much less an acceptance, of the

implications of such a change in our way of life. It will not prove easy to harmonize the requirements of security with such basic concepts as personal freedom. It will be a long and difficult process to construct a thoroughly articulated security system that will be effective in protecting strength and yet maintain the basic fabric of our liberties.

It is clear that one essential requirement of the struggle in which this Nation is engaged is that we be decisive and yet maintain a difficult balance in our actions. For example, we must maintain a positive armed strength, yet in such a manner that we do not impair our ability to support that strength. We must be vigilant to the dangers and deceptions of militant communism without the hysteria that breeds witchhunts. We must strive to maintain that measure of discipline required by real and present-day danger without destroying such freedoms as the freedom of honest thought. Our Nation's problem is more difficult because of a fundamental characteristic of a democratic system: We seek to be a positive force without a dominated uniformity in thought and action dictated by a small group in power.

The decision in this particular matter before us must be made not in 1920 or 1930 or 1940. It has to be made in the year 1954 in the light of the necessities of today and, inevitably, with whatever limitations of viewpoint 1954 creates. One fact that gives me reassurance is that this decision was reached only after the most intensive and concerned study following a course of procedure which gave the most scrupulous attention to our ideas of justice and fair treatment.

The problem before this Commission is whether Dr. Oppenheimer's status as a consultant to the Atomic Energy Commission constitutes a security risk.

3. THE CONCEPT OF SECURITY RISK

One of the difficulties in the development of a healthy security system is the achievement of public understanding of the phrase "security risk." It has, unfortunately, acquired in many minds the connotation of active disloyalty. As a result, it is not realized that the determination of "security risk" must be applied to individuals where the circumstances may be considerably less derogatory than disloyalty. In the case of Dr. Oppenheimer the evidence which convinced me that his employment was not warranted on security grounds did not justify an accusation of disloyalty.

The "security risk" concept has evolved in recent years as a part of our search for a security system which will add to the protection of the country. In that quest, certain limited guidelines have emerged. With respect to eligibility of people for sensitive positions in our Government we have said, in effect, that there must be a convincing showing that their employment in such positions will not constitute a risk to our security. Except in the clearest of cases, such as present Communist membership, for example, the determination may not be an easy one. In many cases, like the one before us, a complex qualitative determination is required. One inherent difficulty is that every human being is to some degree a security risk. So long as there are normal human feelings like pain, or emotions like love of family, everyone is to some degree vulnerable to influence, and thus a potential risk in some degree to our security.

Under our security system it is our duty to determine how much of a risk is involved in respect to any particular individual and then to determine whether that risk is worth taking in view of what is at stake and the job to be done. It is not possible, except in obvious cases, to determine in what precise manner our security might be endangered. The determination is rather an evaluation of the factors which tend to increase the chance

¹ See additional statements by Commissioners Zuckert and Campbell, and separate opinion, concurring with the decision, by Commissioner Murray.

that security might be endangered. Our experience has convinced us that certain types of association and defects of character can materially increase the risk to security.

Those factors—many of which are set forth in the majority opinion—are present in Dr. Oppenheimer's case to such an extent that I agree he is a security risk.

4. POSSIBILITY OF AN ALTERNATIVE ACTION

There have been suggestions that there may be a possible alternative short of finding Dr. Oppenheimer a security risk. One possibility suggested was that the Commission might merely allow Dr. Oppenheimer's consultant's contract to lapse when it expires on June 30, 1954, and thereafter not use his services. I have given the most serious consideration to this possibility and have concluded that it is not practical.

The unique place that Dr. Oppenheimer has built for himself in the scientific world and as a top Government adviser make it necessary that there be a clear-cut determination whether he is to be given access to the security information within the jurisdiction of the Commission.

As a scientist, Dr. Oppenheimer's greatest usefulness has been as a scientific administrator and a scientific critic. He has been looked to for scientific judgment by people within the profession. He is a personality in whom students place particular reliance for leadership and inspiration. These qualities, coupled with a nature that enables him to keep in active touch with great numbers of people in the scientific professions, have given him a unique place in the scientific community.

The Commission's clearance has permitted Dr. Oppenheimer to carry out his role as an active consultant of scientists. For example, Los Alamos Laboratory reports on the most intimate details of the progress of the thermonuclear and fission programs have continued to flow to him. I would gather that these reports were sent to Dr. Oppenheimer because his leadership and scientific judgment were recognized, and it was felt that he should be kept intensively abreast of the development of the weapon art.

I think the Commission is clearly obligated to determine whether Dr. Oppenheimer may continue to carry out this function and whether scientists may continue to call upon him as they have in the past in regard to highly classified material.

In addition, the scope of Dr. Oppenheimer's activities as a top adviser to various agencies of Government on national security policies make imperative a determination of his security status.

After the development of the atomic bomb and the end of World War II, Dr. Oppenheimer was quite suddenly projected into a far more important capacity than he had held as a scientist and laboratory director at Los Alamos. He was given responsibilities for the formulation of international controls of atomic energy. His post as chairman of the General Advisory Committee and a host of other committees in the Defense Establishment made him an adviser on national security problems at the top level of Government. His advice was sought on many matters in which science or technical aspects of atomic energy were important, but important as incidentals and background. With his unique experience, his intellect, his breadth of interests, and his articulateness, it was almost inevitable that he was consulted on a growing number of national security policy matters. As a result, his degree of access to the detailed essentials of our most secret information was, in my opinion, among the greatest of any individuals in our Government. I doubt that there have been contemporaneously more than a handful of people at the highest levels who have possessed the amount

of sensitive information which was given to Dr. Oppenheimer.

Since Dr. Oppenheimer's retirement from the General Advisory Committee he has been employed as a consultant to the Commission. It is true that since 1952 the Commission has used him very little. Commission clearance has, however, been a basis for other agencies using him in connection with delicate problems of national security. It is logical to expect that would continue. For example, the Commission has recently received a letter from Dr. DuBridge, chairman of the Science Advisory Committee, Office of Defense Mobilization, which says:

"Our committee is planning to undertake during the coming months an intensive study of important matters related to national security on which Dr. Oppenheimer's knowledge and counsel will be of critical importance."

I believe that the outlined facts concerning Dr. Oppenheimer's activities in the scientific profession and employment by the Government demonstrate that the Commission could not decide the matter on any other basis than to grant or deny clearance. Any other action would merely postpone the problem. His activities cannot be compartmented to some particular area of scientific effort. It is only reasonable to expect that he would be used in connection with broad assignments such as he has had in the past. Inevitably the question would arise whether he should be given access to the most sensitive restricted data which is under the Commission's jurisdiction.

Therefore, there must be a determination as to his security status with respect to this data.

All of the facts concerning Dr. Oppenheimer's activities, scientific and governmental, and the consequent access to vital information emphasize the degree of his security responsibility.

For the reasons outlined in the first paragraph of these comments, I conclude that he falls substantially below the standard required by that responsibility. There seems to me no possible alternative to denying Dr. Oppenheimer clearance.

5. THERMONUCLEAR CONTROVERSY DISREGARDED

There is one final comment which I should add. My decision in this matter was influenced neither by the actions nor by the attitudes of Dr. Oppenheimer concerning the development of thermonuclear weapons. Nor did I consider material any advice given by Dr. Oppenheimer in his capacity as a top-level consultant on national security affairs.

In my judgment, it was proper to include Dr. Oppenheimer's activities regarding the thermonuclear program as part of the derogatory allegations that initiated these proceedings. Allegations had been made that Dr. Oppenheimer was improperly motivated.

The Gray Board, although doubting the complete veracity of Dr. Oppenheimer's explanations, found that these most serious allegations were not substantiated. I have carefully reviewed the evidence and concur in the finding.

CONCURRING OPINION OF COMMISSIONER CAMPBELL

On November 7, 1954, Mr. William L. Borden, legislative secretary to the late Senator Brien McMahon in 1948 and later Executive Director of the Joint Committee on Atomic Energy from 1949 to June 1953, addressed a letter to the Director of the Federal Bureau of Investigation relative to Dr. J. Robert Oppenheimer.

In this letter Mr. Borden, who had previously had access to the Atomic Energy Commission files and FBI reports concerning Dr. Oppenheimer, made very grave accusations, allegations, and charges pertaining to the character, loyalty, and associations of

Dr. Oppenheimer. Upon receipt of this letter, the FBI prepared a summary report on Dr. Oppenheimer, and November 30, 1953, distributed that report and the Borden letter to interested agencies of the Government, including the Office of the President.

On December 10, 1953, the Commission unanimously voted to institute the regular procedures of the Commission to determine the veracity or falsity of the charges. At the direction of, and with the unanimous approval of the Commission, the General Manager on December 23, 1953, informed Dr. Oppenheimer of the substance of the information which raised the question concerning his eligibility for employment on Atomic Energy Commission work and notified him of the steps which he could take to assist in the resolution of the question.

At the request of counsel for Dr. Oppenheimer, an extension of time was granted Dr. Oppenheimer for the preparation of his case. Other extensions were subsequently granted. On March 15, 1954, Dr. Oppenheimer was notified that Mr. Thomas A. Morgan, Mr. Gordon Gray, and Dr. Ward V. Evans had been selected for the Personnel Security Board. On March 17, 1954, Dr. Oppenheimer, by letter, advised the Commission that he had received the notification of the membership of the Board and that he knew of no reason why he should challenge any member of that Board, as it was his right to do under the personnel security procedures of the Atomic Energy Commission.

As early as January 18, 1954, Dr. Oppenheimer's counsel discussed the possibility of securing Q clearance with the Chairman and the General Manager of the Commission, and he was notified that clearance would be expedited as rapidly as possible if he would submit the required papers. These papers were not submitted until March 26, 1954—over 60 days later.

During the week of April 5 through 9, the Personnel Security Board met and familiarized themselves with the pertinent files relative to Dr. Oppenheimer. On April 12 the hearings began and were continued until May 6. After a 10-day recess the Board convened again on May 17.

On May 17, 1954, counsel for Dr. Oppenheimer submitted a brief to the Personnel Security Board which was included in the record.

On May 18, 1954, the Commission moved that each step the case of Dr. Oppenheimer be brought to the Commission for a vote. This motion was carried 3 to 2. I voted against this motion since I felt that this was a very definite change in the official procedures. In my opinion, it was not desirable to change the rules in the midst of the proceedings. At this same Commission meeting on May 18, I moved that the procedures, as published in the Federal Register, be revised to indicate that, after determination had been made by the General Manager, the Commission would make the final determination in this matter. This motion did not carry by a vote of 3 to 2.

A recommendation was submitted by the Personnel Security Board to the General Manager on May 27, 1954. In essence the recommendation of the Personnel Security Board, by a 2-to-1 majority, was that: "We have, however, been unable to arrive at the conclusion that it would be clearly consistent with the security interests of the United States to reinstate Dr. Oppenheimer's clearance and, therefore, do not so recommend."

Upon receipt of the recommendation of the Board, the General Manager notified counsel for Dr. Oppenheimer on May 28 of the majority and minority recommendations of the Board and furnished a copy of the Personnel Security Board report. At the same time notification was given that Dr. Oppenheimer was entitled to make an appeal to the Personnel Security Review Board.

The General Manager further stated that following such an appeal he would make a recommendation and the Commission would then make a final determination in the case.

By letter of June 1, counsel for Dr. Oppenheimer responded that they would waive the right of appeal to the Personnel Security Review Board and instead wished to present oral arguments and a written brief directly to the Commission for a final determination.

On June 3, 1954, the Commission denied the counsel for Dr. Oppenheimer the privilege of oral argument before the Commission but granted permission to file a written brief with the provision that the brief be presented on or before June 7. It was my personal opinion that this permission constituted another departure from the procedures, but my view was not sustained by my colleagues.

Counsel for Dr. Oppenheimer filed a brief with the Commission on June 7, 1954.

On June 12, the general manager submitted his findings to the Commission in which he reaffirmed the recommendation of the Gray board. The general manager's letter stated:

"I have reviewed the entire record of the case, including the files, the transcript of the hearing, the findings and recommendation of the Personnel Security Board and the briefs filed by Dr. Oppenheimer's attorneys on May 17, 1954, and June 7, 1954, and have reached the conclusion that to reinstate the security clearance of Dr. Oppenheimer would not be clearly consistent with the interests of national security and would endanger the common defense and security."

In addition, Mr. Nichols stated:

"In regard to Dr. Oppenheimer's net worth to atomic energy projects, I believe, first, that through World War II he was of tremendous value and absolutely essential. Secondly, I believe that since World War II his value to the Atomic Energy Commission as a scientist or as a consultant has declined because of the rise in competence and skill of other scientists and because of his loss of scientific objectivity probably resulting from the diversion of his efforts to political fields and matters not purely scientific in nature. Further, it should be pointed out that in the past 2 years since he has ceased to be a member of the General Advisory Committee, his services have been utilized by the Atomic Energy Commission on the following occasions only:

"October 16 and 17, 1952.

"September 1 and 2, 1953.

"September 21 and 22, 1953.

"I doubt that the Atomic Energy Commission, even if the question of his security clearance had not arisen, would have utilized his services to a markedly greater extent during the next few years. * * * Dr. Oppenheimer. * * * is far from being indispensable. * * * Dr. Oppenheimer's clearance should not be reinstated."

On June 28, 1954, the question of the clearance of Dr. Oppenheimer was presented to the Commission and by a vote of 4 to 1 it was decided that clearance should be denied him.

My vote was to sustain the recommendations of the Gray Board and the General Manager for the following reasons:

1. I have had no personal associations with Dr. Oppenheimer and no personal knowledge as to his contributions to the atomic energy program. Neither do I have any personal knowledge as to his character, loyalty, and associations.

The responsibility of a Commissioner of the Atomic Energy Commission in a proceeding of this type is, in my view, an appellate responsibility.

2. Having examined the transcript of the hearings, it is established that Dr. Oppenheimer had an opportunity prior to the hearings to challenge the members of the Board and did not choose to do so. At all

times, Dr. Oppenheimer was represented by four attorneys. At no time during the course of the hearings has the integrity, honesty, and impartiality of any of the Board members been subject to challenge by any parties to the proceedings. Dr. Oppenheimer, through his counsel, has had the opportunity to produce any witnesses he desired to call on his behalf. Through his counsel he had opportunity to cross-examine any persons who testified on items which he might have considered to be of a derogatory nature. Ample opportunity was given to Dr. Oppenheimer's counsel to present their case. In fact, extensions and delays were granted, which by some might be considered unreasonable, so that there can be no possibility that there was any pressure of time in the presentation of the information which Dr. Oppenheimer desired to place before the Board.

3. From an examination of the transcript and from the report, both majority and minority of the Board, it is evident that the members of the Board were fully aware of the criteria which had been established by the Atomic Energy Commission and by the various Executive orders and public laws relative to the clearance of individuals for classified work. At no time was any question raised by any party to the proceedings as to the competence of the Board insofar as its knowledge of the criteria and procedures under which the hearing was being conducted.

4. I have carefully studied the recommendations of the General Manager and have concluded that from the presentation of the testimony before the Personnel Security Board and the information made available to the parties in the proceedings from the investigative files, the General Manager has arrived at the only possible conclusion available to a reasonable and prudent man.

The finding, by the General Manager, that the services of Dr. Oppenheimer are not indispensable to the atomic-energy program, is compelling.

5. I have read the brief submitted by counsel for Dr. Oppenheimer to the Atomic Energy Commission and though this brief is argumentative and perhaps persuasive to some, it contains no new evidence and it does not directly or indirectly charge that Dr. Oppenheimer has been unfairly treated or deprived of a full and complete opportunity to make the best possible presentation available in his defense.

(I neither concur nor dissent from the findings of the Personnel Security Board and the General Manager relating to the allegation that Dr. Oppenheimer initially opposed and later declined to cooperate in the program for the development of thermonuclear weapons. It is my view that the opinions and judgments of Dr. Oppenheimer on this subject were not relevant to the inquiry. I, therefore, have made my determination as to Dr. Oppenheimer's fitness for continued employment upon other evidence and testimony presented which bears on his loyalty, character, and associations.)

CONCLUSION

I conclude, therefore, that serious charges were brought against Dr. Oppenheimer; that he was afforded every opportunity to refute them; that a Board was appointed, composed of men of the highest honor and integrity, and that in their majority opinion Dr. Oppenheimer did not refute the serious charges which faced him; that the record was reviewed by the General Manager, keenly aware of his serious responsibility in this matter, and that he concurred, and even strengthened the findings of the Personnel Security Board.

If the security system of the United States Government is to be successfully operated, the recommendations of Personnel Security Boards must be honored in the absence of compelling circumstances. If the General

Manager of the Atomic Energy Commission is to function properly, his decisions must be upheld unless there can be shown new evidence, violations of procedures, or other substantial reasons why they should be reversed.

Therefore, I voted to reaffirm the majority recommendation of the Personnel Security Board and to uphold the decision of the General Manager. Clearance should be denied to Dr. Oppenheimer.

CONCURRING OPINION OF COMMISSIONER THOMAS E. MURRAY

I concur in the conclusion of the majority of the Commission that Dr. J. Robert Oppenheimer's access to restricted data should be denied. However, I have reached this conclusion by my own reasoning which does not coincide with the majority of the Commission. Therefore, I submit my separate opinion.

In my opinion the Personnel Security Board report and the recommendations of the General Manager as well as the majority opinion do not correctly interpret the evidence in the case. They do not make sharply enough certain necessary distinctions. They do not do justice to certain important principles. What is more important they do not meet squarely the primary issue which the case raises.

The primary issue is the meaning of loyalty. I shall define this concept concretely within the conditions created by the present crisis of national and international security. When loyalty is thus concretely defined, and when all the evidence is carefully considered in the light of this definition, it will be evident that Dr. Oppenheimer was disloyal.

There is a preliminary question. It concerns Dr. Oppenheimer's opposition to the hydrogen-bomb program and his influence on the development of the program. On this count I do not find evidence that would warrant the denial to Dr. Oppenheimer of a security clearance.

I find that the record clearly proves that Dr. Oppenheimer's judgment was in error in several respects. It may well be that the security interests of the United States were adversely affected in consequence of his judgment. But it would be unwise, unjust, and dangerous to admit, as a principle, that errors of judgment, especially in complicated situations, can furnish valid grounds for later indictments of a man's loyalty, character, or status as a security risk. It has happened before in the long history of the United States that the national interests were damaged by errors of judgment committed by Americans in positions of responsibility. But these men did not for this reason cease to merit the trust of their country.

Dr. Oppenheimer advanced technical and political reasons for his attitude to the hydrogen-bomb program. In both respects he has been proved wrong; nothing further need be said.

He also advanced moral reasons. Here two comments are necessary. First, in deciding matters of national policy, it is imperative that the views of experts should always be carefully weighed and never barred from discussion or treated lightly. However, Dr. Oppenheimer's opinions in the field of morality possess no special authority. Second, even though Dr. Oppenheimer is not an expert in morality, he was quite right in advancing moral reasons for his attitude to the hydrogen-bomb program. The scientist is a man before he is a technician. Like every man, he ought to be alert to the moral issues that arise in the course of his work. This alertness is part of his general human and civic responsibilities, which go beyond his responsibilities as a scientist. When he has moral doubts, he has a right to voice them. Furthermore, it must be firmly main-

tained, as a principle both of justice and of religious freedom, that opposition to governmental policies, based on sincerely held moral opinions, need not make a man a security risk.

The issue of Dr. Oppenheimer's lack of enthusiasm for the hydrogen bomb program has been raised; so too has the issue of his failure to communicate to other scientists his abandonment of his earlier opposition to the program. Here an important distinction is in order. Government may command a citizen's service in the national interest. But government cannot command a citizen's enthusiasm for any particular program or policy projected in the national interests. The citizen remains free to be enthusiastic or not at the impulse of his own inner convictions. These convictions remain always immune from governmental judgment or control. Lack of enthusiasm is not a justifiable matter.

The point that I shall later make in another connection is pertinent here. The crisis in which we live, and the security regulations which it has rendered necessary in the interests of the common good, have made it difficult to insure that justice is done to the individual. In this situation it is more than ever necessary to protect at every point the distinction between the external forum of action and omission, and the internal forum of thought and belief. A man's service to his country may come under judgment; it lies in the external forum. A man's enthusiasm for service, or his lack of it, do not come under judgment; they are related to the internal forum of belief, and are therefore remote from all the agencies of law.

The citizen's duty remains always that of reasonable service, just as the citizen's right remains always that of free opinion. There is no requirement, inherent in the idea of civic duty, that would oblige a man to show enthusiasm for particular governmental policies, or to use his influence in their favor, against his own convictions; just as there is no permission, inherent in the idea of intellectual freedom, that would allow a man to block established governmental policies, against the considered judgment of their responsible authors.

The conclusion is that the evidence with regard to Dr. Oppenheimer's attitude toward the hydrogen-bomb program, when it is rightly interpreted in the light of sound democratic principles, does not warrant the denial to Dr. Oppenheimer of a security clearance.

The primary question concerns Dr. Oppenheimer's loyalty. This idea must be carefully defined, first, in general, and second, in concrete and contemporary terms.

The idea of loyalty has emotional connotations; it is related to the idea of love, a man's love of his country. However, the substance of loyalty does not reside solely in feeling or sentiment. It cannot be defined solely in terms of love.

The English word "loyal" comes to us from the Latin adjective "legalis," which means "according to the law." In its substance the idea of loyalty is related to the idea of law. To be loyal, in Webster's definition, "is to be faithful to the lawful government or to the sovereign to whom one is subject." This faithfulness is a matter of obligation; it is a duty owed. The root of the obligation and duty is the lawfulness of the government, rationally recognized and freely accepted by the citizens.

The American citizen recognizes that his Government, for all its imperfections, is a government under law, of law, by law; therefore he is loyal to it. Furthermore, he recognizes that his Government, because it is lawful, has the right and the responsibility to protect itself against the action of those who would subvert it. The cooperative effort of the citizen with the rightful action of

American Government in its discharge of this primary responsibility also belongs to the very substance of American loyalty. This is the crucial principle in the present case.

This general definition of loyalty assumes a sharper meaning within the special conditions of the present crisis. The premise of the concrete, contemporary definition of loyalty is the fact of the Communist conspiracy. Revolutionary communism has emerged as a world power seeking domination of all mankind. It attacks the whole idea of a social order based upon freedom and justice in the sense in which the liberal tradition of the West has understood these ideas. Moreover, it operates with a new technique of aggression; it has elaborated a new formula for power. It uses all the methods proper to conspiracy, the methods of infiltration and intrigue, of deceit and duplicity, of falsehood and connivance. These are the chosen methods whereby it steadily seeks to undermine, from within, the lawful governments and communities of the free world.

The fact of the Communist conspiracy has put to American government and to the American people a special problem. It is the problem of protecting the national security, internal and external, against the insidious attack of its Communist enemy. On the domestic front, this problem has been met by the erection of a system of laws and Executive orders designed to protect the lawful Government of the United States against the hidden machinery of subversion.

The American citizen, in private life, the man who is not engaged in governmental service, is not bound by the requirements of the security system. However, those American citizens who have the privilege of participating in the operations of government, especially in sensitive agencies, are necessarily subject to this special system of law. Consequently, their faithfulness to the lawful Government of the United States, that is to say their loyalty, must be judged by the standard of their obedience to security regulations. Dr. Oppenheimer was subject to the security system which applies to those engaged in the atomic-energy program. The measure of his obedience to the requirements of this system is the decisive measure of his loyalty to his lawful Government. No lesser test will settle the question of his loyalty.

In order to clarify this issue of the meaning of loyalty, the following considerations are necessary: First, the atomic-energy program is absolutely vital to the survival of the Nation. Therefore, the security regulations which surround it are intentionally severe. No violations can be countenanced. Moreover, the necessity for exact fidelity to these regulations increases as an individual operates in more and more sensitive and secret areas of the program. Where responsibility is highest, fidelity should be most perfect.

Second, this security system is not perfect in its structure or in its mode of operation. Perfection would be impossible. We are still relatively unskilled in the methods whereby we may effectively block the conspiratorial efforts of the Communist enemy without damage to our own principles. Moreover, the operation of the system is in the hands of fallible men. It is therefore right and necessary that the system should be under constant scrutiny. Those who are affected by the system have a particular right to criticize it. But they have no right to defy or disregard it.

Third, the premise of the security system is not a dogma but a fact, the fact of the Communist conspiracy. The system itself is only a structure of law, not a set of truths. Therefore this system of law is not, and must not be allowed to become, a form of thought control. It restricts the freedom of association of the governmental employee who is

subject to it. It restricts his movements and activities. It restricts his freedom of utterance in matters of security import, not in other matters. It restricts his freedom of personal and family life. It makes special demands on his character, moral virtue, and spirit of sacrifice. But no part of the security system imposes any restrictions on his mind. No law or executive order inhibits the freedom of the mind to search for the truth in all the great issues that today confront the political and moral intelligence of America. In particular, no security regulations set any limits to the free-ranging scientific intelligence in its search for the truths of nature and for the techniques of power over nature. If they were to do so, the result would be disastrous; for the freedom of science is more than ever essential to the freedom of the American people.

Fourth, the preservation of the ordered freedom of American life requires the cooperation of all American citizens with their Government. The indispensable condition of this cooperation is a spirit of mutual trust and confidence. This trust and confidence must in a special sense obtain between governmental officials and scientists; for their partnership in the atomic energy program and in other programs is absolutely essential to the security interests of the United States. It would be lamentable if conscientious enforcement of security regulations were to become a danger to the atmosphere of trust and confidence which alone can sustain this partnership. In order to avert this danger, there must be on the part of Government a constant concern for justice to the individual together with a concern for the high interests of the national community. On the part of scientists there should be a generous disposition to endure with patient understanding the distasteful restrictions which the security system imposes on them.

Finally, it is essential that in the operation of the security system every effort should be made to safeguard the principle that no American citizen is to be penalized for anything except action or omission contrary to the well-defined interests of the United States. However stringent the need for a security system, the system cannot be allowed to introduce into American jurisprudence that hateful concept, the "crime of opinion." The very security of America importantly lies in the steady guarantee, even in a time of crisis, of the citizen's right to freedom of opinion and of honest and responsible utterance. The present time of crisis intensifies the civic duty of obedience to the lawful government in the crucial area of security regulations. But it does not justify abridgment of the civic right of dissent. Government may penalize disobedience in action or omission. It may not penalize dissent in thought and utterance.

When all these distinctions and qualifications have been made, the fact remains that the existence of the security regulations which surround the Atomic Energy program puts to those who participate in the program a stern test of loyalty.

Dr. Oppenheimer failed the test. The record of his actions reveals a frequent and deliberate disregard of those security regulations which restrict a man's associations. He was engaged in a highly delicate area of security; within this area he occupied a most sensitive position. The requirement that a man in this position should relinquish the right to the complete freedom of association that would be his in other circumstances is altogether a reasonable and necessary requirement. The exact observance of this requirement is in all cases essential to the integrity of the security system. It was particularly essential in the case of Dr. Oppenheimer.

It will not do to plead that Dr. Oppenheimer revealed no secrets to the Communists and fellow-travelers with whom he

chose to associate. What is incompatible with obedience to the laws of security is the associations themselves, however innocent in fact. Dr. Oppenheimer was not faithful to the restrictions on the associations of those who come under the security regulations.

There is a further consideration, not unrelated to the foregoing. Those who stand within the security system are not free to refuse their cooperation with the workings of the system, much less to confuse or obstruct them, especially by falsifications and fabrications. It is their duty, at times an unpleasant duty, to cooperate with the governmental officials who are charged with the enforcement of security regulations. This cooperation should be active and honest. If this manner of cooperation is not forthcoming, the security system itself, and therefore the interests of the United States which it protects, inevitably suffer. The record proves Dr. Oppenheimer to have been seriously deficient in his cooperation with the workings of the security system. This defect too is a defect of loyalty to the lawful government in its reasonable efforts to preserve itself in its constitutional existence. No matter how high a man stands in the service of his country he still stands under the law. To permit a man in a position of the highest trust to set himself above any of the laws of security would be to invite the destruction of the whole security system.

In conclusion, the principle that has already been stated must be recalled for the sake of emphasis. In proportion as a man is charged with more and more critical responsibilities, the more urgent becomes the need for that full and exact fidelity to the special demands of security laws which in this overshadowed day goes by the name of loyalty. So too does the need for cooperation with responsible security officers.

Dr. Oppenheimer occupied a position of paramount importance; his relation to the security interests of the United States was the most intimate possible one. It was reasonable to expect that he would manifest the measure of cooperation appropriate to his responsibilities. He did not do so. It was reasonable to expect that he would be particularly scrupulous in his fidelity to security regulations. These regulations are the special test of the loyalty of the American citizen who serves his Government in the sensitive area of the Atomic Energy program. Dr. Oppenheimer did not meet this decisive test. He was disloyal.

I conclude that Dr. Oppenheimer's access to restricted data should be denied.

THOMAS E. MURRAY,
Commissioner.

JUNE 29, 1954.

DISSENTING OPINION OF HENRY DEWOLF SMYTH

I dissent from the action of the Atomic Energy Commission in the matter of Dr. J. Robert Oppenheimer. I agree with the "clear conclusion" of the Gray Board that he is completely loyal, and I do not believe he is a security risk. It is my opinion that his clearance for access to restricted data should be restored.

In a case such as this, the Commission is required to look into the future. It must determine whether Dr. Oppenheimer's continued employment by the Government of the United States is in the interests of the people of the United States. This prediction must balance his potential contribution to the positive strength of the country against the possible danger that he may weaken the country by allowing important secrets to reach our enemies.

Since Dr. Oppenheimer is one of the most knowledgeable and lucid physicists we have, his services could be of great value to the country in the future. Therefore, the only question being determined by the Atomic

Energy Commission is whether there is a possibility that Dr. Oppenheimer will intentionally or unintentionally reveal secret information to persons who should not have it. To me, this is what is meant within our security system by the term "security risk." Character and associations are important only insofar as they bear on the possibility that secret information will be improperly revealed.

In my opinion, the most important evidence in this regard is the fact that there is no indication in the entire record that Dr. Oppenheimer has ever divulged any secret information. The past 15 years of his life have been investigated and reinvestigated. For much of the last 11 years he has been under actual surveillance, his movements watched, his conversations noted, his mail and telephone calls checked. This professional review of his actions has been supplemented by enthusiastic amateur help from powerful personal enemies.

After reviewing the massive dossier and after hearing some 40 witnesses, the Gray Board reported on May 27, 1954, that Dr. Oppenheimer "seems to have had a high degree of discretion reflecting an unusual ability to keep to himself vital secrets." My own careful reading of the complete dossier and of the testimony leads me to agree with the Gray Board on this point. I am confident that Dr. Oppenheimer will continue to keep to himself all the secrets with which he is entrusted.

The most important allegations of the general manager's letter of December 23 related to Dr. Oppenheimer's conduct in the so-called H-bomb program. I am not surprised to find that the evidence does not support these allegations in any way. The history of Dr. Oppenheimer's contributions to the development of nuclear weapons stands untarnished.

It is clear that Dr. Oppenheimer's past associations and activities are not newly discovered in any substantial sense. They have been known for years to responsible authorities who have never been persuaded that they rendered Dr. Oppenheimer unfit for public service. Many of the country's outstanding men have expressed their faith in his integrity.

In spite of all this, the majority of the Commission now concludes that Dr. Oppenheimer is a security risk. I cannot accept this conclusion or the fear behind it. In my opinion the conclusion cannot be supported by a fair evaluation of the evidence.

Those who do not accept this view cull from the record of Dr. Oppenheimer's active life over the past 15 years incidents which they construe as proof of fundamental defects in his character and as alarming associations. I shall summarize the evidence on these incidents in order that their proper significance may be seen.

Chevalier incident: The most disturbing incidents of his past are those connected with Haakon Chevalier. In late 1942 or early 1943, Chevalier was asked by George Eltenton to approach Dr. Oppenheimer to see whether he would be willing to make technical information available for the Soviet Union. When Chevalier spoke to Dr. Oppenheimer he was answered by a flat refusal. The incident came to light when Dr. Oppenheimer, of his own accord, reported it to Colonel Pash in August 1943. He did not at that time give Chevalier's name and said that there had been 3 approaches rather than 1. Shortly thereafter, in early September, Dr. Oppenheimer told General Groves that, if ordered, he would reveal the name. Not until December 1943 did General Groves direct him to give the name. It is his testimony that he then told General Groves that the earlier story concerning three approaches had been a "cock and bull story." Not until 1946 were Eltenton, Chevalier, and Dr. Oppenheimer himself inter-

viewed by security officers in this matter. When interviewed by the FBI in 1946, Dr. Oppenheimer recounted the same story of the incident which he has consistently maintained ever since. He stated explicitly in 1946 that the story told to Colonel Pash in 1943 has been a fabrication. In the present hearings before the Gray Board he testified, before the recording of the Pash interview was produced, that the story told to Colonel Pash was a fabrication to protect his friend Chevalier. The letter which he wrote Chevalier in February 1950 concerning Chevalier's role in the 1943 incident stated only what Dr. Oppenheimer has consistently maintained to the FBI and to the Gray Board concerning Chevalier's lack of awareness of the significance of what he was doing.

The Chevalier incident involved temporary concealment of an espionage attempt and admitted lying, and is inexcusable. But that was 11 years ago; there is no subsequent act even faintly similar; Dr. Oppenheimer has repeatedly expressed his shame and regret and has stated flatly that he would never again so act. My conclusion is that of Mr. Hartley Rowe, who testified, "I think a man of Dr. Oppenheimer's character is not going to make the same mistake twice."

Dr. Oppenheimer states that he still considers Chevalier his friend, although he sees him rarely. In 1950, just before Chevalier left this country to take up residence in France, he visited Dr. Oppenheimer for 2 days in Princeton; in December 1953, Dr. Oppenheimer visited with the Chevaliers in Paris at their invitation. These isolated visits may have been unwise, but there is no evidence that they had any security significance. Chevalier was not sought out by Dr. Oppenheimer in Paris but, rather, the meeting was proposed by the Chevaliers in a letter to Mrs. Oppenheimer. The contact consisted of a dinner and, on the following day, driving with Chevalier to meet Andre Malraux, the famous French literary figure for whom Chevalier was a translator. Malraux in the later years of his political life has been an active anti-Communist advisor to General deGaulle. These short visits were followed 2 months later by Chevalier's use of Dr. Oppenheimer's name in connection with clearance for employment by UNESCO. Dr. Oppenheimer's action in this matter seems quite correct. When Chevalier mentioned the problem, Dr. Oppenheimer suggested that the proper place for advice was the American Embassy and that Dr. Geoffrey Wyman, the scientific attaché, might be in a position to give the advice. Before seeing Chevalier, Dr. Oppenheimer had lunched at the Embassy with Dr. Wyman, a former classmate, but it is clear from Dr. Wyman's affidavit in the record that Dr. Oppenheimer did not at that time or later mention or indorse Chevalier.

Associations: It is stated that a persistent and continuing association with Communists and fellow travelers is part of a pattern in Dr. Oppenheimer's actions which indicates a disregard of the obligations of security. On examination, the record shows that, since the war, beyond the two visits with the Chevaliers, Dr. Oppenheimer's associations with such persons have been limited and infrequent. He sees his brother, Frank Oppenheimer (an admitted former Communist who left the party in 1941) not much more than once a year and then only for an evening together. By chance, while returning from the barber, he ran into Lomanitz and Bohm on the streets of Princeton in May 1949. Dr. Peters called on him once to discuss testimony given by Dr. Oppenheimer before the House Committee on Un-American Activities. He has seen Bohm and 1 or 2 other former students at meetings of professional groups. I find nothing in the foregoing to substantiate the charge that Dr. Oppenheimer has had a persistent and con-

tinuing association with subversive individuals. These are nothing more than occasional incidents in a complex life, and they were not sought by Dr. Oppenheimer.

Significance has been read into these occasional encounters in the light of Dr. Oppenheimer's activities prior to 1943.

The Gray Board found that he was an active fellow traveler, but that there was no evidence that he was a member of the party in the strict sense of the word. Dr. Oppenheimer's consistent testimony, and the burden of the evidence, shows that his financial contributions in the 1930's and early 1940's were directed to specific causes such as the Spanish Loyalists, even though they may have gone through individual Communists.

The Communists with whom he was deeply involved were all related to him by personal ties: his brother and sister-in-law, his wife (who had left the party before their marriage), and his former fiancée, Jean Tatlock. Finally, while there are self-serving claims by Communists on record as to Dr. Oppenheimer's adherence to the party, none of these is attributed to Communists who actually knew him, and Steve Nelson (who did know him) described him in a statement to another Communist as not a Marxist. The evidence supports Dr. Oppenheimer's consistent denial that he was ever a Communist.

Dr. Oppenheimer has been repeatedly interrogated from 1943 on concerning his associations and activities. Beyond the one admitted falsehood told in the Chevalier incident, the voluminous record shows a few contradictions between statements purportedly made in 1943 and subsequent recollections during interrogations in 1950 and 1954. The charges of falsehood concerning Weinberg and Lambert relate to such contradictions, and are dependent on a garbled transcript. In my opinion, these contradictions have been given undue significance.

Peters letter: I find it difficult to conclude that the letter written by Dr. Oppenheimer in 1949 following his testimony about Dr. Bernard Peters before a congressional committee is evidence of any fault in character. This carefully composed letter, a copy of which was sent to the congressional committee, was not an attempt to repudiate the testimony relating to Dr. Peters' background but, rather, was a manifestation of a belief that political views should not disqualify a scientist from a teaching job. He was led to this action by the protests of Dr. Bethe, Dr. Weisskopf, and Dr. Peters himself, and of Dr. Condon, and by the "overwhelming belief of the community in which I lived that a man like that ought not to be fired either for his past or for his views, unless the past is criminal or the views led him to wicked actions." One might disagree with this belief without taking it as evidence of untrustworthiness.

Lomanitz deferment: It is clear that in cross-examination in 1954, Dr. Oppenheimer was led into contradictions concerning the induction into the Army of Rossi Lomanitz in 1943. These contradictions, understandable as errors of memory, are serious only if Dr. Oppenheimer's behavior at that time was improper. Actually, Dr. Oppenheimer's letter to Colonel Lansdale in 1943 says: "Since I am not in possession of the facts which led to Mr. Lomanitz' induction, I am, of course, not able to endorse this request in an absolute way. I can, however, say that Mr. Lomanitz' competence and his past experience on the work in Berkeley should make him a man of real value whose technical service we should make every effort to secure for the project." The letter was sent to Colonel Lansdale, the man to whom Dr. Oppenheimer had given information on Lomanitz' Communist affiliation and the man who had told Dr. Oppenheimer that Lomanitz had been indiscreet with information.

Obstruction of security officers: The majority opinion cites the Chevalier incident as an instance of obstruction of security officers and states without specification that there are other instances. I have sought to identify these other instances. The only instance I have found is a refusal by Dr. Oppenheimer in 1950 to answer FBI questions about Dr. Thomas Addis and Dr. Jean Tatlock on the ground that they were dead and could not defend themselves. This reticence to discuss the activities of a friend and of a former fiancée years after their deaths may have been an error. But in the circumstances it seems understandable hesitation and does not indicate a persistent "willful disregard" of security.

Seaborg letter: Before the October 1949 meeting of the General Advisory Committee at which the H-bomb program was discussed, Dr. Seaborg, a member of the General Advisory Committee, who was unable to be present, sent Dr. Oppenheimer a letter on the topics to be discussed. In Dr. Oppenheimer's letter to the Commission reporting the unanimous view of the eight members present at the General Advisory Committee meeting there is no mention of Dr. Seaborg's views. It is hard to see how Dr. Oppenheimer could have forgotten the letter, but it is still harder to see what purpose he could have hoped to achieve by intentionally suppressing it—and then turning it over to the Commission in his files. At the next meeting of the General Advisory Committee in December 1949 the action of the October meeting was reviewed, and the minutes show that Dr. Seaborg raised no objection. It seems likely that Dr. Seaborg himself did not consider that he had expressed any formal conclusions. His letter of October 14, 1949, opens as follows:

"I will try to give you my thoughts for what they may be worth regarding the next GAC meeting, but I am afraid that there may be more questions than answers. * * * It seems to me that conclusions will be reached, if at all, only after a large amount of give-and-take discussion at the GAC meeting" (p. 238).

The instances that I have described constitute the whole of the evidence extracted from a lengthy record to support the severe conclusions of the majority that Dr. Oppenheimer has given proof of fundamental defects in his character and of persistent continuing associations. Any implication that these are illustrations only and that further substantial evidence exists in the investigative files to support these charges is unfounded.

With the single exception of the Chevalier incident, the evidence relied upon is thin, whether individual instances are considered separately or in combination. All added together, with the Chevalier incident included, the evidence is singularly unimpressive when viewed in the perspective of the 15 years of active life from which it is drawn. Few men could survive such a period of investigation and interrogation without having many of their actions misinterpreted or misunderstood.

To be effective a security system must be realistic. In the words of the Atomic Energy Commission security criteria:

"The facts of each case must be carefully weighed and determination made in the light of all the information presented whether favorable or unfavorable. The judgment of responsible persons as to the integrity of the individuals should be considered. The decision as to security clearance is an overall, commonsense judgment, made after consideration of all the relevant information as to whether or not there is risk that the granting of security clearance would endanger the common defense or security."

Application of this standard of overall commonsense judgment to the whole record

destroys any pattern of suspicious conduct or catalog of falsehoods and evasions, and leaves a picture of Dr. Oppenheimer as an able, imaginative human being with normal human weaknesses and failings. In my opinion the conclusion drawn by the majority from the evidence is so extreme as to endanger the security system.

If one starts with the assumption that Dr. Oppenheimer is disloyal, the incidents which I have recounted may arouse suspicion. However, if the entire record is read objectively, Dr. Oppenheimer's loyalty and trustworthiness emerge clearly and the various disturbing incidents are shown in their proper light as understandable and unimportant.

The Chevalier incident remains reprehensible; but in fairness and on all of the evidence, this one admitted and regretted mistake made many years ago does not predominate in my overall judgment of Dr. Oppenheimer's character and reliability. Unless one confuses a manner of expression with candor, or errors in recollection with lack of veracity, Dr. Oppenheimer's testimony before the Gray Board has the ring of honesty. I urge thoughtful citizens to examine this testimony for themselves, and not be content with summaries or with extracts quoted out of context.

With respect to the alleged disregard of the security system, I would suggest that the system itself is nothing to worship. It is a necessary means to an end. Its sole purpose, apart from the prevention of sabotage, is to protect secrets. If a man protects the secrets he has in his hands and his head, he has shown essential regard for the security system.

In addition, cooperation with security officials in their legitimate activities is to be expected of private citizens and Government employees. The security system has, however, neither the responsibility nor the right to dictate every detail of a man's life. I frankly do not understand the charge made by the majority that Dr. Oppenheimer has shown a persistent and willful disregard for the obligations of security, and that therefore he should be declared a security risk. No gymnastics of rationalization allow me to accept this argument. If in any recent instances, Dr. Oppenheimer has misunderstood his obligation to security, the error is occasion for reproof but not for a finding that he should be debarred from serving his country. Such a finding extends the concept of security risk beyond its legitimate justification and constitutes a dangerous precedent.

In these times, failure to employ a man of great talents may impair the strength and power of this country. Yet I would accept this loss if I doubted the loyalty of Dr. Oppenheimer or his ability to hold his tongue. I have no such doubts.

I conclude that Dr. Oppenheimer's employment "will not endanger the common defense and security" and will be "clearly consistent with the interests of the national security." I prefer the positive statement that Dr. Oppenheimer's further employment will continue to strengthen the United States.

I therefore have voted to reinstate Dr. Oppenheimer's clearance.

HENRY D. SMYTH,
Commissioner.

JUNE 29, 1954.

Mr. GROSS. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, in section 122 of the bill we have offshore procurement in its rankest form. According to the figures submitted by the gentleman from Michigan [Mr. BENTLEY], there is already \$85 million unexpended for the purpose of procuring aircraft from the British. This would add another \$75 million to that amount, or a total of \$160

million to be spent on aircraft produced in Britain at a time when the unemployed ranks in this country are being increased by virtue of lay-offs in the aircraft industry.

Mr. Chairman, I am going to support the amendment offered by the gentleman from Michigan [Mr. BENTLEY], to cut out the \$75 million. I would have offered a motion, and will offer a motion if this amendment is defeated, to strike out the entire authorization, that is, the \$75 million in new money plus the authorization for use of the unexpended \$85 million. Let us take care of the people of this country, and if we have anything left, spread it over the world.

In connection with foreign aid, in the May 28, 1954, issue of U. S. News & World Report, I found this small item:

Harry Truman, when President, entered into a secret deal with the British Government promising a definite amount of dollar aid each year without informing Congress of the deal. When Congress failed to provide specific funds to meet the commitment a year ago, funds had to be diverted from other programs to make good on the deal with Britain.

I wonder if the Committee on Foreign Affairs or any other committee of Congress has ever inquired into this statement which appeared in that issue of U. S. News & World Report asserting that Harry Truman, when President of the United States, entered into a secret agreement with the British, promising a definite amount of aid each year without informing Congress of the deal. I am wondering if this \$75 million authorized here for offshore procurement of aircraft or the \$85 million that was authorized previously had anything to do with carrying out the secret commitments that were made by a President of the United States behind the back of Congress.

Mr. Chairman, the amendment offered by the gentleman from Michigan ought to be adopted.

Mr. JAVITS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, this is an amendment put into the bill by the Committee on Foreign Affairs in its considered judgment. I believe it my duty to justify what is planned on the ground that it is in the national interest of the United States. I think it is right and in the national interest, and I intend to justify it to the Committee of the Whole.

I am not a special expert on this subject, but I just could not sit by and let this amendment go by. Either we are doing things that we know something about, or we do not, and it is high time we found out.

The RAF is the No. 3 air force in the world. It comes after the United States and Soviet Russia. We have on British soil enormous air installations of very considerable consequence. The RAF showed itself in World War II to be as scrappy an air force as there is in the world. It stood up against all of the German might, all of the German power, for a time practically on its own.

Mr. SMITH of Wisconsin. Mr. Chairman, I make the point of order that the Committee is not in order.

The CHAIRMAN. The Committee will be in order.

Mr. JAVITS. I am indebted to my colleague. I generally find in this House, if the Committee is not in order, it does not want to be, and if the Members are not interested, there is nothing to do about it. But, it is my bounden duty to stand up for this provision in the bill which was put in by the committee in a considered way, and is backed by the administration in a considered way.

Now, the British RAF, as I say, is the third largest air force in the world. After the United States and the Soviet Union comes the RAF. We have great installations over there. The British showed themselves very scrappy in World War II, particularly in fighter planes. They have been leading developers in the world of turbojets and ramjets and rockets, and in that research they had a very leading part and made enormous contribution to the strength of the free world.

We provided \$85 million for exactly this kind of an operation to strengthen the RAF, in the 1953 bill. It took about a year to negotiate that contract. As everybody knows who has had experience in these fields, it takes a long time to negotiate a contract for new types of aircraft, and I am in a position to state to the House authoritatively, notwithstanding what has been said in support of this amendment, that the \$85 million provided for last year has been fully obligated in contracts signed. We have a memorandum to that effect sent to the committee table by the representatives of the administration who are up in the gallery. That is the situation today.

The administration has represented to us, not on the word of an administrator, but on the word of General Stewart, the Defense Department's representative who put this program before us, as follows, as stated at page 30 of the committee report:

It is an overall plan in an effort to increase the finest air force outside of the United States, on the western side. * * * In the event of war all these forces are available for the North Atlantic Treaty Organization. This whole plan is an effort to build up the RAF to support the NATO forces between ourselves in the event of war.

This is pretty serious business, Mr. Chairman, and I, for one, am not going to take the responsibility of turning down this particular provision which has been put in in a considered way to strengthen such extremely important sinews of free world defense as the Royal Air Force, which has certainly demonstrated that it is on our side, on the side of freedom, in the most effective way known to date, by its heroic actions in World War II.

Mr. BENTLEY. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield to the author of the amendment.

Mr. BENTLEY. The gentleman says that the Royal Air Force is on the side of freedom; I believe, to a large extent, that is true. But certainly the gentleman can think of some areas of the world where that air force may have to

be used in the cause of colonialism; and can the gentleman guarantee that those planes will not be used in those areas?

Mr. JAVITS. We have the guarantee of General Stewart who has testified that this particular provision is to support NATO. I am all for NATO. I think the House is overwhelmingly for NATO. I do not think that we ought to just blindly accept this amendment just because it is said \$75 million can be cut, rather, we must look to the essential security interest involved, and on that basis the amendment should be rejected.

As I said before, I rise to call the House to its responsibility in a matter of the national security interest.

The CHAIRMAN. The time of the gentleman from New York [Mr. JAVITS] has expired.

(Mr. JAVITS asked and was given permission to proceed for 1 additional minute.)

Mr. MORANO. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield to my colleague.

Mr. MORANO. I should like to associate myself with the remarks of the distinguished gentleman from New York. If we strike this section, we strike a blow at our own national security.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield to the gentleman from Iowa.

Mr. GROSS. Why do not the British build their own planes?

Mr. JAVITS. The British are building their own planes to their utmost limit. That is the justification for this that we want them to have more fighting planes than they can build on their own. These are military planes. It is definitely in the interest of our national security to assist in this strengthening of the RAF.

Mr. GROSS. Why do we not build the planes here, then, and send them over there?

Mr. JAVITS. We could not build them here because they are British-type planes, I will say to the gentleman from Iowa [Mr. Gross], any more than they would be asked to build our B-47's or B-52's for us.

Mr. CHIPERFIELD. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield.

Mr. CHIPERFIELD. Mr. Chairman, I wish to associate myself with the remarks of the gentleman from New York on this question.

Mr. JAVITS. I thank the gentleman.

Mr. HIESTAND. Mr. Chairman, I move to strike out the last word.

I rise in support of the amendment of my distinguished colleague, Mr. BENTLEY, of Michigan. The fact is I was about to offer the same amendment, but I am happy to yield to my colleague, a member of the committee.

This bill proposes to subsidize the British to the extent of an extra \$75 million in aircraft production. The British aircraft production is high and going strong. This is a clear-cut case of subsidy and would take away an extra \$75 million of our taxpayers' money at a time when American aircraft manu-

facturers are laying off workers. I am opposed to further subsidizing many foreign nations and especially under the guise of strengthening those who are in no need of it. I am highly in favor of this amendment and urge its adoption.

I ask unanimous consent that my colleagues who are of the same mind may also extend their remarks on this matter at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. HINSHAW. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I, for one, would not want to deprive our British cousins of anything to which they were entitled or any benefit we might bring to them in the way of the North Atlantic area defense, but I would like to recall to my colleagues in the House, a number of years ago when we were doing our utmost to build up the defense forces of the United Nations. Korea had happened on June 24, 1950. Other things were happening along the line. There was a great need for military aircraft. We were doing our best and producing all we could. But they were not so interested in military aircraft in Britain at that time as were we, even though the Soviets were practically on their borders. They were building jet commercial transport aircraft for the purpose of recapturing the transportation market in British-made aircraft and were satisfied to let us concentrate on military aircraft.

At that time I had it out with one of the leading gentlemen in the aviation field of Britain. I chided him somewhat on their being more interested in transport aircraft than they were in military aircraft. They were building advanced types of commercial transports far beyond anything we had had time to build or even design at that point. His reply to me was, "We in Britain must recapture the trade of the world, and build transport aircraft and cargo vessels and passenger vessels to recapture our trade." That premise seemed to be more important to him at the moment than even the defense of their own country and the free world. They had been shipping prototypes of their excellent jet engines for the Soviets to copy and use in the MIG 15.

It seems to me that this \$75 million for manufacture in the United Kingdom of military aircraft required by the United Kingdom had better be given a second thought by this House.

Mr. SCRIVNER. Mr. Chairman, will the gentleman yield?

Mr. HINSHAW. I yield to the gentleman from Kansas, a distinguished member of the Committee on Appropriations.

Mr. SCRIVNER. The gentleman may be interested in knowing that in the near future there will be news to the effect that one of our major airlines is going to procure a large number of the British turboprop air transports.

Mr. HINSHAW. Our people have been so busy making fighting planes in this country they have not had time to build transports of modern design. Hence,

as the gentleman says, our own transport people will be buying jet transports from Great Britain. Think of it. We have furnished to the world transport aircraft with which to compete in air transportation against our own flag air carriers, and now we are to furnish Britain money to do what—to build fighter planes for their own use, while they build commercial jet transports with their money to sell to American air transport concerns. Something is wrong with that picture—very. You might think she were doing us a favor by letting us protect her, and that we had to hire her to do part of the protecting of herself. It was only a dozen years ago, a little over, that the British were begging us to help defend Europe, including Britain. Now we are back again in the old commercial rivalry.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. CLARDY].

Mr. CLARDY. Mr. Chairman, I just want to suggest this: I wonder if the Members of the House are aware of the fact that some of the most advanced jet engines and other plane parts have been sold by Britain behind the Iron Curtain. I wonder what assurance we can have that if we appropriate additional money that policy will be discontinued.

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. HOSMER].

Mr. HOSMER. Mr. Chairman, I want to bring up one matter which has not been answered in connection with the arguments of the opponents of this amendment. That is the statement that this money is needed in the event of war to bolster up the Royal Air Force. This is an offshore procurement matter. What is the purpose of offshore procurement? It is to build up manufacturing facilities across the ocean close to where we might expect to do the fighting. But in this particular case, we are concerned with aircraft, and the aircraft factories which might be located in the United Kingdom to make them. If located in the United Kingdom they would be just as close to the enemy today as they were in World War II. In other words, you have aircraft, the most mobile weapon of war involved here, and we should not spend funds for facilities to build them which are located right in the shadow of the guns which are going to wreck those factories in the event that hostilities break out. Build them elsewhere. This amendment will cut this foolishness of subsidizing aircraft factories in the front lines where they can be destroyed the minute hostilities begin.

Mr. HOLT. Mr. Chairman, will the gentleman yield?

Mr. HOSMER. I yield.

Mr. HOLT. I compliment the gentleman for his remarks and I would like to associate myself with the Bentley

amendment and also compliment Mr. BENTLEY for introducing it.

Mr. WILSON of California. Mr. Chairman, will the gentleman yield?

Mr. HOSMER. I yield.

Mr. WILSON of California. Can the gentleman explain to those of us from the southern California area, how we can go home and tell our people who are employed in the aircraft industry at a time when aircraft contracts are thinning down that we feel aircraft should be procured overseas?

Mr. HOSMER. No. I do not think you or I or anybody else can explain to any sound-thinking American who has the defense of our Nation in mind the expenditure of any money for construction of aircraft manufacturing facilities in the front lines instead of in areas like San Diego, Long Beach, southern California, and other parts of this country, and perhaps in Canada or elsewhere far behind the front lines of the free world where those facilities can reasonably be expected to be in operation after D-day.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. BENTLEY].

The question was taken; and on a division (demanded by Mr. JAVITS) there were—ayes 85, noes 50.

Mr. MORANO. Mr. Chairman, I demand tellers.

Tellers were refused.

So the amendment was agreed to.

Mr. HARDY. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I ran out of time a while ago, but I want to pursue just a little bit further the question of offshore procurement of ships. I have read with a great deal of interest—real interest—the provisions with respect to the findings which must be made by the President or the determinations which must be made by the President in connection with offshore procurement. It seems to me that already our shipbuilding industry is in such a depressed state as to require discontinuance of offshore procurement of ships.

It seems to me imperative that all funds available for shipbuilding should be spent in our own yards. I call attention to the fact that already the Navy shipyards have an average reduction in their personnel of more than 21 percent since Korea. I do not have the figures with respect to the private yards.

In addition, there are further substantial reductions in employment in the Navy yards in the immediate prospect.

This morning some of my constituents were in my office in connection with this question of offshore procurement. I was amazed to be informed that at the present time there are contracts in existence for the construction of 90 ships in this offshore procurement program. I was further amazed to be told that there are two ships currently under construction in Yugoslavia. I called the Chief of the Bureau of Ships to confirm the information and I was advised that that was in error; that there were 3 ships being built in Yugoslavia instead of 2.

Mr. Chairman, I do not know what the situation is with respect to the shipbuilding industry in Yugoslavia, but from in-

formation that is currently available to me the shipbuilding industry on the continent of Europe appears to be in a much healthier condition than it is in these United States. It would seem to me we ought to devote what funds we have for the construction of ships to trying to maintain our shipbuilding skill in this country.

Mr. TOLLEFSON. Mr. Chairman, will the gentleman yield?

Mr. HARDY. I yield.

Mr. TOLLEFSON. I am glad to hear the gentleman's comment on the condition of the shipbuilding industry in the United States and in continental Europe. The gentleman may be interested to know that as of October this year we will have only 3 ships on ways in our commercial yards; that in ship construction we now rank sixth in the world. As of January 1 of this year there were on order or being constructed in Great Britain 559 ships as compared with 48 in the United States.

Mr. HARDY. The information which the gentleman has given to this House saddens me, but I am glad the gentleman has given us the facts.

There should be some indication from this House today as to its concept of the health of the shipbuilding industry in the United States.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. HARDY. I yield.

Mr. FULTON. I have felt that our industry needs protection on this score. I am one of those who have come up with an amendment to this bill which the gentleman may not have noticed. It is on page 4.

Mr. HARDY. Yes. I am familiar with it. I appreciate the gentleman's calling attention to it.

Mr. FULTON. I am in no surplus unemployment area, but since we have raised a howl in the committee they have brought back a couple of hundred thousand.

Mrs. KELLY of New York. Mr. Chairman, will the gentleman yield?

Mr. HARDY. I am glad to yield to the lady from New York.

Mrs. KELLY of New York. Due to disastrous conditions of unemployment in our private and Government shipyards here in America, caused me to offer in the Foreign Affairs Committee an amendment to prohibit offshore procurement of ships. The workweek in major Atlantic coast shipyards has dwindled in 2 years from 34 hours a week to the present average of 16 hours a week. According to a statement made by the CIO, was that the imminent collapse of the private shipbuilding industry in this country constituted a potential catastrophe should this country become involved in another war. Employment has decreased in the shipyards in America from an all high in 1943 of about 1,300,000 to 113,000 as of May 1954.

I lost this amendment in committee and as a result was one of the authors of section 103 (c) which I hope opens the door to enforce the proper authority to authorize the production of ships here in the United States as a result of these conditions.

Mr. HARDY. I thank the gentleman.

Mrs. KELLY of New York. I have always opposed aid to Yugoslavia, and regret any offshore production in that country.

Mr. HARDY. Let me put it this way: I congratulate the gentlewoman for her efforts and for the language that is now in the bill.

The CHAIRMAN. The time of the gentleman from Virginia has expired.

Mr. FULTON. Mr. Chairman, I ask unanimous consent that the gentleman from Virginia may proceed for 1 additional minute.

Mr. VORYS. Mr. Chairman, I must object. We have discussed this at some length. If we are going to finish the bill today we cannot have extended discussions when no amendment is pending. We have, I understand, a series of amendments pending which I hope can be reached.

The CHAIRMAN. Objection is heard to the consent request.

Mr. FULTON. Mr. Chairman, I move to strike out the last word.

Mr. HARDY. Mr. Chairman, will the gentleman yield to me?

Mr. COLE of Missouri. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. COLE of Missouri. If the Chair will recall, the time was set before the last vote. There has been no reading by the Clerk.

The CHAIRMAN. The Chair regrets to inform the gentleman that time was fixed on the Bentley amendment which was voted on.

The gentleman from Virginia gained the floor on a pro forma amendment, was recognized for 5 minutes, and his time has expired.

The gentleman from Pennsylvania [Mr. FULTON], a member of the committee, has been recognized for 5 minutes on a pro forma amendment.

Mr. COLE of Missouri. Mr. Chairman, I withdraw my point of order.

Mr. FULTON. For the purpose of recognizing the gentleman from Virginia.

The CHAIRMAN. The gentleman cannot recognize anyone. He can yield if a Member asks him to yield.

Mr. FULTON. I yield to the gentleman from Virginia.

Mr. HARDY. I am grateful to the gentleman because I just want to make one point before I sit down.

It seems to me, based on the information which has been presented to this House this afternoon in connection with our Nation's shipyards, information that I presented, information presented to us by the gentleman from Washington [Mr. TOLLEFSON] in connection with our private yards, it is about time this Congress indicated its impression as to whether or not these funds should be spent in our own shipyards, and if the record would simply show that I would be most happy.

Mr. FULTON. In order that the House will know what the viewpoint of the committee is, I direct their attention to page 4, line 14, subsection (1) of subsection (c), where there is provided ap-

propriate screening for areas of labor surplus which would mean any place where plants were idle, or upon the industrial mobilization base which would be broader than an area of labor surplus. There must be this screening on these two bases. For various reasons, we did not want to put in the specific prohibition.

Mr. HARDY. I appreciate the observation which the gentleman has made. I think it may be wise, though, not to have a specific prohibition in this bill, but I think it is well for this Congress to indicate its wish in connection with this business of building ships so that policies will be followed which will aid the shipbuilding industry in this country.

Mr. FULTON. I feel this needs to be said so that the Congress shall know and the departments shall know what the intent is.

I may say that it has not been just myself alone who has been active in this, but members of the committee also, the Pittsburgh Chamber of Commerce, the United States Chamber of Commerce, and others. I think now we all know what we want.

Mr. SHELLEY. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield.

Mr. SHELLEY. May I ask the gentleman from Pennsylvania if he thinks that the language on page 4 is adequate? I ask this because it has been my experience that in judging the heavily unemployed areas they lump everything in an area together. We had the situation in some areas a couple of years ago where all shipbuilders were out of work and the shipyards were down with no work, yet because there was general employment in other fields they did not consider the shipyards at all.

Mr. FULTON. As I say, there are 2 things in that provision of the bill: No. 1 is whether there are "labor surplus areas," a designation which is well known, and the next phrase is "or upon the industrial mobilization base." This takes it out of a particular line and puts it on a broader base, so that it will not be just on the fact that one line is down and this is not that particular line, but they must look at the broad area and see if the mobilization base, if our general base level, is low.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that all Members who desire to do so may insert their remarks in reference to their interest in the matter of offshore production and the protection of the wonderful industries in their district at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. WIGGLESWORTH. Mr. Chairman, I agree entirely with the sentiments expressed by the distinguished gentleman from Virginia [Mr. HARDY].

I am for offshore procurement. I appreciate its importance. But I am not for offshore procurement which deprives distressed industries of vitally needed construction and employment.

To construct ships overseas, which can be built in this country, at a time when our entire ship construction industry is almost flat on its back—at a time when our ship construction yards, vital to our mobilization base, are threatened with closing down, due to lack of work, seems to me to be contrary to our whole policy of national defense. It just does not make sense.

I trust that the administration will be guided accordingly under the provisions of this bill.

Mr. DOYLE. Mr. Chairman, when the level of shipbuilding in our own American shipyards is at such a low ebb as at the present time, together with the fact that it has been getting to a less and less active industry for too long a time, I question that it is in our national interest to have so much and such frequent offshore shipbuilding, under this present bill, or, under any enacted legislation.

Even you of my distinguished colleagues who live far from the great shipyards in our Nation, know by report and clear-cut evidence that the know-how and the skills of the shipbuilding industry are not only highly technical; but you also know that they cannot be acquired except by long years of toil and experience. Furthermore, it is self-evident; it has been proven in every national emergency where our marine was needed, that a going, ready, able and adequate shipbuilding personnel is absolutely necessary in the best interests of our own national defense.

For three terms in this great legislative body I represented a congressional district in Los Angeles County, where is situated the great Los Angeles Naval Base and several private shipyards, too. The important Long Beach Naval Shipyard is there.

Together with firsthand knowledge and observation thus gained by me during these 6 years, as well as my observations as a private citizen for many years in the same area, I have been privileged as a member of the House Committee on Armed Services to become even much better informed on the subject involved in this "offshore" problem.

Yes, I know the Navy yards always do a handsome job of performance. But, Mr. Chairman, the Navy cannot do the work or take the place of the private shipyard in our national economy. It never has and cannot also fulfill the mission of private industry in this field. We need both at all times as efficient, adequate, on the job. The 11 Navy yards as authorized by statute must likewise always be kept alert with top skills and experience.

Nor do I begrudge any reasonable aid to shipbuilding of our friendly allies. But, is it reasonable to neglect and practically abandon our own knowhow in this vital area? I am glad this bill in section 122 makes a clear avenue to the door of official responsibility so that a full showing can be made of basic reasons why our own domestic yards must not be left sick and sore, in favor of "offshore" favors. Only after a most exhaustive consideration and cooperation with our own American private

shipyard building industry, so that there is a continuous workload adequate to create and present strong, skillful, workers, should we go "offshore." Nor should this workload be intermittent and indefinite or uncertain. Our shipbuilding on our own shores must be kept at a level consistent with not being or becoming dependent on foreign nations, all or any of whom might not be able longer to supply us or fulfill their contracts.

Some thousands of men living in my congressional district and nearby districts are engaged directly and indirectly in shipbuilding and related industry in Los Angeles County.

I assume this administration will heed the expressed intent of Congress and not jeopardize our own private shipyards over the Nation. Already, the hazard has been too great and too much damage has been done. Unless it is corrected forthwith we should declare a policy of "onshore shipbuilding" as our national program.

Mr. SHELLEY. Mr. Chairman, I rise in support of the proforma amendment. Since the Mutual Security Act of 1951 first authorized a program of ship construction in foreign countries with American money I have been following the course of the program with interest and with increasing concern. My concern has increased almost daily with mounting unemployment in American shipyards, and any sympathy I might have had for any program of offshore ship procurement at one time has now reached the vanishing point. There may have been a time in the postwar period when the European shipbuilding industry needed an economic shot in the arm to put it back on its feet. That time has passed. There may have been a time when the production base for combat vessels in European shipyards was inadequate to meet a possible demand for such craft in the mutual defense effort. That time is past. There may have been a time when the staggering European economy provided some justification for funneling American dollars into England and the friendly part of the Continent through any practical channel; but that time has also passed. At the present time European shipyards are booming while American yards are practically busted. While the American economy has been floundering in a recession for the past several months the production index for the 17 western countries in the Organization for European Economic Cooperation has continued to hit new highs. The gold and dollar reserves of the rest of the free world continue to rise. Under these conditions there is no justification for a continuation of the program for building ships in foreign countries with American money which would be far better spent putting our unemployed shipyard workers back on the job. What is needed now is a little shoreside procurement in the United States.

In March of this year former Navy Capt. Gordon W. Rule, who was chief contracting officer for the Bureau of Ships at the inception of the offshore procurement program and for some time

thereafter, and who placed millions of dollars worth of these contracts in European shipyards during that time, wrote a letter in which he neatly summarized the ridiculous picture we present in keeping this program going. The captain stated:

The offshore procurement program has been presented and sold to the Congress on the theory that the military needed to build up a defense production base in the principal nations that are joined in the mutual defense in Europe.

This is perfectly sound for some items being bought offshore where no production base exists. But it is ludicrous to suppose that England, France, Italy, Denmark, Holland, Germany, etc., need to have the United States build them a production base for shipbuilding. Five of these countries now lead the world in active facilities, backlogs of work, etc. They will take our orders and simply proceed to build the ships in going yards that long ago comprised an aggregate productive potential and productive base second to none in the world.

What about the building yards in this country? I need not labor the situation existing in the shipbuilding industry in the United States because I am sure you know only too well its present sorry plight. No other major industry is as badly off.

Captain Rule spent a number of months in Europe placing contracts for ships and getting a first-hand knowledge of actual conditions in the shipbuilding industry there. He also knows what he is talking about when he speaks of the sorry plight of the shipbuilding industry here.

In February of this year total employment in the shipyards of the United States, private and navy yards included, totaled 229,900. For 14 consecutive months prior to that each month saw a decline in the number employed, and although figures are not yet compiled for later months I know that the trend has continued. In February the private shipyards in the United States had only about 100,000 employees on the payrolls. This in an industry which at its wartime peak needed well over 1,500,000. Pacific coast private yards now provide work for only about 8,000 men. Over 400,000 worked in those yards during the war. If that is not a sick industry, I do not know what is—and if this will not be a sick country should a sudden need for ships arise I am badly mistaken.

Since World War II we have calmly sat back and allowed the shipbuilding defense production base of the United States go to pot while in the last 3 years we have spent almost \$300 million to build up a production base in foreign countries where they already are building more ships in a week than we put out in a year. It has been estimated that the money we spent in offshore procurement of ships during 1952 and 1953 would have provided a full year's work for 40,000 men in the shipyards of the United States. That work for our shipyards would have done 10 times as much for the mutual defense effort as it did in keeping European yards booming, because when the chips are down and we have to defend ourselves it will be United States shipyards which produce the ships just as in the last war. If the European yards are doing any shipbuilding it will probably be

for Russia. I am sure they will be grateful to us for keeping them going while our own yards decay.

Just how close to decay our yards are, is illustrated by the fact that by October 1st of this year there will be only three commercial vessels under construction on United States ways, with no orders in sight. And yet the bill we have here asks us to put \$28 million more into European yards while the administration and Congress have failed to complete a single constructive step to revitalize our own industry. We have heard talk about a shipbuilding program since shortly after the administration came into power, but talk does not build ships. If the administration had used the authority available to it under the Merchant Marine Act of 1936 to continue the program inaugurated by the Truman administration in launching the Mariner ship construction, we would not now be in quite so sorry a fix and some of our shipyard workers would have steady work instead of a day here and a day there. Instead they have refused to use that authority and up until very recently had proposed nothing. Let us hope that they are now prepared to put their money where their mouth is and use it to put some ships on the ways of our dead and dying shipyards.

Mr. Chairman, I hope that the indefinite language inserted in this bill with the stated purpose of protecting United States labor and industry will be properly interpreted when the time comes to award contracts for building ships. I particularly hope that the words "areas of labor surplus" are understood to apply not only to geographic areas, but to industry situations as well. During the past 2 or 3 years I put in a considerable amount of time persuading the Office of Defense Mobilization to exempt the shipbuilding industry from the application of Defense Manpower Policy No. 4 which gives preference to surplus labor areas in awarding of defense contracts. It took a lot of work on my part to prove to ODM that the shipbuilding industry was a distressed industry and that, although the area in which any particular yard was located might not be classed as having surplus labor, the people who should be working in that yard were just as unemployed, and should not suffer the loss of a contract to another yard whose business might be booming even though the city in which it was located had surplus labor. I, therefore, want the record to be perfectly clear in indicating that section 103 (c) (1) of the bill is intended to protect a distressed industry as well as a distressed geographic area.

Mr. Chairman, it seems obvious to me, although it may not be so obvious to some of the Cloud 16 boys in the State Department or the Foreign Operations Administration, that when in mid-1953 there were some 7 millions plus tons of dry cargo and passenger vessel construction underway in the shipyards of the world, with none of this construction for the order of the United States merchant fleet in United States shipyards, it was time to begin worrying about our own shipbuilding industry rather than

that of the rest of the world. Here it is mid-1954 and the picture is still not clear to our policymakers. I strongly recommend that Congress take the first step in opening their eyes by stopping them short on the offshore vessel procurement program.

Mr. CONDON. Mr. Chairman, I wish to rise in support of the position taken by the gentleman from Virginia [Mr. HARDY] with reference to offshore procurement as it affects the American shipyards. Our ship-building industry has stagnated to the point of virtual destruction. Efforts have been made to divert some of the work from our naval yards to private shipbuilding yards, which has not contributed substantially to the stabilization of the private yards, and of course had had a serious consequence on the naval shipyards. As long as the American shipbuilding industry ranks only sixth in the world, it seems to me inexcusable that we should be subsidizing foreign yards to build vessels that could well be built in our own yards. I also have a strong feeling that the Pacific coast yards have been especially discriminated against. Speaking as one Member of this body, I therefore hope that the House will see fit to protect the American shipyards.

Mr. MILLER of California. Mr. Chairman, while I appreciate the effort of the gentleman of Pennsylvania to protect American industry it does not go far enough.

Section 103 (c) (1), which he cites, limits the relief "with special reference to any areas of labor surplus."

There can be and are areas that are particularly hard hit in one or more phases of industry that are not in labor surplus areas. Let me illustrate. In the San Francisco Bay area, in California, the shipbuilding industry is very hard hit. We are building no substantial tonnage of new ships.

It was in the San Francisco Bay area that records in shipbuilding were made during the war. This is not a labor surplus area at this time. With the closure of automobile plants and the slowdown in durable goods production it is hard to say how long we can keep out of that category.

Seasonal employment in the food canning and processing industry is high, at this season, as it should be. This percentage-wise makes it appear that we have employment in the area but shipyard workers, autoworkers and many production workers have no jobs. The usage of the statistical section of the Department of Labor are misleading. If we are to have our proper portion of shipbuilding, for instance, we must get ships to build.

I am not against overshire procurement, but I believe that charity begins at home. I would like to see the shipyard workers in other lands busy and employed but not at the cost of seeing shipyard workers in America without jobs.

In our own selfish interest we must retain the "know-how"—the skills in our shipbuilding and other production industries.

I hope that in the interpretation and administration of this section that the President will give thoughtful consideration to our own people.

Mr. CHIPERFIELD. Mr. Chairman, I supported the distinguished gentleman from Pennsylvania [Mr. FULTON] in placing in this bill the language contained in section 103 (c) which would protect United States industry from unfair competition from abroad, and would be especially helpful to areas in which there is surplus labor, which have been declared to be in class IV areas.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that the balance of the bill be considered as read and subject to amendment at any point.

Mr. H. CARL ANDERSEN. Mr. Chairman, I object.

Mrs. ROGERS of Massachusetts. Mr. Chairman, I offer a preferential motion to strike out all after the enacting clause and report the bill back to the committee.

The Clerk read as follows:

Mrs. ROGERS of Massachusetts moves to strike out all after the enacting clause and report the bill back to the committee.

Mrs. ROGERS of Massachusetts. Mr. Chairman, this matter of offshore purchasing is dangerous, it is bad economically for us and it is also dangerous as a matter of national defense. If our workers go into other industries as a result of not being able to work in the navy yards and shipyards, we lose the skill of those men and, therefore, we will not be able to construct the vital naval equipment that is so necessary for our national defense.

We in Massachusetts are being terribly hard hit insofar as work in our navy yards is concerned and some of the State is in the surplus labor and distressed area. I talked to the Navy Department just a few minutes ago and one of the Assistant Secretaries of the Navy said he was very sympathetic and very sorry over the condition that exists in all navy yards. I repeat, Massachusetts has been especially severely cut—the United States should not give our shipbuilding trade to other areas.

It is incredible to me that Member after Member will get up on the floor of the Congress here and say that we must develop our national defense, but instead we are developing the national defense of other countries, countries that may be attacked at any time.

I hope that the language referred to by the gentleman from Pennsylvania will protect our shipbuilding industries and our workers and our country, but it does not offer enough protection.

Mr. FULTON. Mr. Chairman, will the gentlewoman yield?

Mrs. ROGERS of Massachusetts. I yield to the gentleman from Pennsylvania.

Mr. FULTON. With the protection of this amendment, the gentlewoman can go to the Foreign Operations Administration and the various Government departments, and ask if they have screened these offshore procurement contracts, show them the facts in your district, and have this work done in this

country when there is unemployment or labor surplus.

Mr. O'NEILL. Mr. Chairman, will the gentlewoman yield?

Mrs. ROGERS of Massachusetts. I yield to the gentleman from Massachusetts. While I represent part of metropolitan Boston and many from my district are employed there. The Charlestown Navy Yard is in the gentleman's district and he does a great deal of work in behalf of the yard and its workers.

Mr. O'NEILL. Yes. I realize that the gentlewoman from Massachusetts in offering her motion, does so that we may protect our shipyard industry. The other morning a group of the Massachusetts delegation visited the Pentagon with the Secretary of the Navy. The gentlewoman from Massachusetts was there. And I now direct my remarks to the gentleman from Pennsylvania, we made reference to the fact that through offshore procurement ships were going to be built and were being built in Yugoslavia and in other sections of Europe and in other sections of the world, whereas at the present time at home in the Boston Naval Shipyard scheduled to be laid off on July 24 are 759 men. We asked the Secretary of the Navy at that time if it were possible under this offshore procurement act in the mutual security bill to designate that that work be given to the Boston Navy Yard. We directed this remark to Mr. Thomas, Secretary of the Navy. I am sure that the gentlewoman from Massachusetts will bear me out. He said that to his knowledge the Navy had nothing whatsoever to do with the Mutual Security Act or the assigning of the building of ships. You will recall that Admiral Liggett was there also and he corrected that statement. We have a man at the head of the Navy Department at the present time who not only does not know how to interpret the law, he does not even know the law.

I hope that this debate calls to the attention of Secretary of the Navy Thomas that the Navy has a definite program established under this act. Section 103, lines 14 through 23 on page 4, gives the authority to the administration to assign work to the Boston Naval Shipyard and any other areas where the economy of the United States is adversely affected.

Mrs. ROGERS of Massachusetts. May I say this, there are already many out of work out at the navy yard and private shipyards at the present time. In September there will be more workers laid off and there will be further layoffs in other shipyards in September. The amendment which would provide that work could be done in the United States in an area where there is unemployment ought to be helpful if properly carried out, but I am very cynical because I find especial help for surplus areas has proved to be rather a farce.

Mr. RIVERS. Mr. Chairman, I rise in opposition to the preferential motion.

Mr. Chairman, I rise in opposition to this motion and in defense of people in another section of the United States. A hungry South Carolinian is just as hungry as a hungry New Englander. The shipbuilding industry in the whole

United States, notably in my part of the world, has felt the pinch of the depression which has hit the shipbuilding industry. Take the naval shipyards in this country. I know something about them, I know the plight of the one in Boston, and it is in a bad fix, a bad condition. The same is true of the one in Norfolk, and the one in Philadelphia, and the one in Brooklyn, and those on the west coast, and certainly those in the South. I want you to know that there are 11 naval shipyards created by statute. Every one of them has had to carry the entire burden of all the shipbuilding industry, particularly those under the Maritime Commission about which the gentleman from Washington [Mr. TOLLEFSON], has been talking, and if it were not for our naval shipyards in this country, we would have no shipbuilding industry. And, just now we are waking up to the fact that if we do not take care of our own shipbuilding, we will have none in this country. Now, why could not these desperately needed ships be given out of our surplus supply? In my own shipyard in Charleston we have ships in mothballs that could be taken out and given to these people. Some people say that some are being built in Italy, but because of security reasons that could not be discussed. Let me tell you this: We do not even have base rights in Italy. I said that a while ago. By the shotgun method we are being refused base rights, and they are trying to get us into Trieste. I know that and you know that. The same condition prevails in France. Why should we pay our taxpayers' money and subsidize shipyards, the shipbuilding industry, in other nations and get out of our own shipbuilding industry? It just does not make sense. And, I think we should alert our people. I have heard the lip service of my friend from Pittsburgh. That is lip service, is it not? You know it. Let us take some affirmative action here and stop this nonsense.

Mr. MILLER of California. Mr. Chairman, will the gentleman yield?

Mr. RIVERS. I yield to the gentleman from California.

Mr. MILLER of California. The gentleman should stress the fact that in shipbuilding it is the know-how to build as well as the actual, physical yards. That is a thing that is disappearing. We are losing the skills of the people which are just as important as shipyards.

Mr. RIVERS. Of course. They are not going to the shipyards; they are going to the boneyard. When World War II broke out, we had no shipping, and the cost of shipping our war materiel in the so-called allied ships went up 2,500 percent. I think we are literally cutting our own throats. It reminds me of a story Judge Tarver used to tell about the colored man in his part of the world who had a little catfish. The little catfish was still wobbling and the old colored man said "Hold still, little catfish. I am just going to gut you." That is all we are doing with the shipbuilding industry. We are asking them to hold still long enough so that we can gut them. It just does not make sense. And, I am letting you know in my own terminology, I am "agin" it.

The CHAIRMAN. The question is on the motion offered by the gentlewoman from Massachusetts.

The motion was rejected.

The Clerk read as follows:

SEC. 123. Common use items: There is hereby authorized to be appropriated to the President for the fiscal year 1955 not to exceed \$70 million for the provision of any common-use equipment, materials, commodities, or services which are to be used by military forces of nations receiving assistance under chapter 1 of this title. Programs authorized by this section shall be administered in accordance with the provisions of chapter 1 or chapter 3 of this title.

Mr. JENSEN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I have been listening with great interest to a discussion of the problem which confronts the shipbuilders of America. The shipbuilders are not the only ones that are suffering because of this unfair situation of our offshore procurement.

I was in India last fall where we are helping to dig, and paying almost all the cost of digging, 2,650 deep wells. The contractor who had the contract for 750 of those wells could not buy American-made goods, because of the fact that the specifications were so written that American manufacturers could not meet those specifications for motors and well pipe and hence the American manufacturers lost that business.

Also may I remind you, Mr. Chairman, that the Bureau of Reclamation in the fiscal year 1953 bought 62 percent of all of their generators for hydroelectric power plants and related facilities from foreign manufacturers, because the domestic manufacturers of those items were underbid to the point where the Bureau of Reclamation was forced to buy those articles in foreign countries.

Since I made public some of these matters that I have just talked about I have had letters from manufacturers of many many commodities in most every section of the United States of America complaining because they are losing business to foreign countries. I hope something can be done in this bill that will guarantee, to a reasonable degree, that the American people who pay taxes here will get at least their fair share of this business that is being given to foreign countries under our foreign aid setup. As much as we want to help other nations, after all, there is a limit to all things.

Our farmers are not very happy about it, either. We have sent hundreds upon hundreds of our agricultural technicians and experts all over the world to teach the people of almost every nation on this side of the Iron Curtain how to raise more farm products per acre. I am not too much opposed to that. But then we hear people who should know better lecturing to us as to how we must sell more farm products around the world.

Listen to this as a fair example. Last fall I was in a cornfield in France, it was making over 60 bushels to the acre, I asked, "How many bushels per acre did you used to raise before we gave you hybrid seed corn and showed you how to raise it?" And they said, "20 to 25 bushels."

The same is true of cotton, sugarcane, wheat, hogs, and poultry, and so forth. Now I am not complaining too much, but it disgusts me when I hear self-appointed experts stand on the floor of this House or go on the radio or before television and say we must have more foreign trade in our farm products, when I know, and you know, farm-products exports are dwindling and will continue to dwindle for the reason I have just explained.

Now, Mr. Chairman, before the vote comes on final passage of this foreign-aid bill now under discussion, may I again remind my colleagues that we, the people of the United States of America, have a Federal deficit of over \$270 billion, which is more than the combined deficits of all the other nations on earth.

The Foreign Affairs Committee has just informed me that on July 1, next Thursday, there will be over \$2 billion unobligated and over \$9 billion unexpended from funds previously appropriated for this purpose.

This bill provides for an additional \$3,400,000,000. Mr. Chairman, I yield to no Member of this House in my desire to help peace-loving, freedom-loving peoples of the world to ward off communism to the limit of our ability, but there is a limit to our own ability to pay out of the pockets of the already overburdened taxpaying American people.

Tomorrow this House will start consideration of the agriculture bill. A move is on foot to reduce the farm income, the basic item which governs our national income from which we are collecting local, State, and Federal taxes of over \$90 billion annually, or over 30 percent of every American's income on an average. I shall vote "no" on final passage in the hope that the Appropriations Committee will reduce the amount requested in this bill to a figure I can support.

Mr. JONAS of Illinois. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, let me preface with a question these remarks on the general subject of foreign aid, as embodied in the measure now before the House. Where in the Constitution of the United States does the Federal Government get the power to seize the American taxpayers' money and send it abroad as free gifts to foreign governments?

That, Mr. Chairman, is a constitutional question, which I believe too long has been permitted to remain unanswered. It is a question which has been permitted to go by default by our foreign policymakers over a period of nearly a decade, in their eagerness to buy friends and allies in the fight against Communist aggression. It is a question which I believe we must answer without delay.

Nobody sensibly can deny that in the years immediately following World War II, many of the European nations which fought gallantly were left prostrate. We were justified in helping them to struggle out of the wreckage of war. The argument that rehabilitation of our wartime allies was a measure of American national defense constituted a valid argument in those days.

But the situation then was far different from the one we face today. Then our wartime allies were, indeed, prostrate economically. Many hundreds of thousands, if not millions, were starving; commerce and industry were paralyzed, and in many instances actually nonexistent. In those days Western Europe lay helpless before the Communist threat. But today those nations no longer are helpless.

Today most of those nations are fully as strong economically as they were prior to World War II. They have all of the manpower and the industrial productivity which enabled them to put hundreds of well-equipped and well-trained divisions into the field. That they stand today ill-prepared, or not prepared at all, to face the Communist threat—that the NATO and the EDC have fallen into desuetude—cannot be attributed to economic weakness.

The failure of our putative friends and allies to ready themselves for strong resistance to Communist aggression, it would seem, can be attributed now to a total unwillingness to face the grim facts. It can be attributed to a desire only to enjoy the fruits of that prosperity made possible by American generosity, while leaving to the United States the terrible necessity of defending the free world almost unaided.

One can count on the fingers of one hand the nations, other than the United States, which are girding for defense to the full extent of their ability. And those nations, almost without exception, are relatively small and weak.

Because of these things, Mr. Chairman, the constitutional argument that our tremendous volume of foreign aid—excepting, perhaps, in some instances, that of a purely military nature—is a direct measure of national defense, has ceased to be a valid argument. Foreign aid has become in essence merely a mechanism whereby we try to buy the loyalty of allies. Allies who would rather, it seems, trade with our mutual enemy than resist him.

Screaming headlines, warning the public of the dangers of losing Europe and Asia, should we fail to feed all the hungry billions of the earth, are misleading, and unsupported by the record of past experience. If we continue large-scale foreign aid, without strict curbs on use of the money, and without demanding even cooperative friendship in return, we shall be doing as it was done by ancient Rome. We shall build a system of satellite nations, which would give us as much cause for fear as do our enemies.

We are haunted by a fear of losing the support of those nations we have aided in the hope they would serve as our outer guard. Apparently we are afraid to cut off foreign aid lest our supposed allies join the enemy and kill us with our own weapons. We have been bankrupting ourselves to support some nations of the free world, while the Communists have plundered and absorbed others. Russian prestige has grown, while ours has dwindled.

Since the end of World War II, Mr. Chairman, total expenditures by the United States in foreign aid have totaled

approximately \$44,327,000,000. If one includes all the expenditures, such as lend-lease and military aid before and after the war, the total approximates \$113 billions. The foreign-aid appropriation for the year still current totaled \$6,776,800,000, as high or higher than in any previous peacetime year.

Since 1940 our contributions to Great Britain have reached the equivalent of more than a quarter of Britain's natural wealth. Yet today, as we have seen within the past week, Great Britain is less friendly and co-operative than before receiving our billions. Since 1944 we have given Italy \$2,865,000,000, yet Communist Party strength there has increased from 4 million in 1944 to 6 million in 1954. Since 1944 we have given France about \$5 billions. Yet today 1 French voter out of 3 votes the Communist ticket. One French soldier out of every 4 is a Communist.

If it is not now apparent to everyone, Mr. Chairman, it should be apparent that the Communists have succeeded in expanding their activities and their influence in every part of the world, despite the broadcasting of American billions. We have that influence right now in our own back yard. We are not sure even now that the patriotic citizens of Guatemala have succeeded in ousting completely the Communist regime set up in that little country, supposedly inspired with the aid and connivance of the Kremlin. And Guatemala is within 6 hours flying time of the Panama Canal.

And while all these things are going on, our own citizens are overburdened with taxes, a very substantial part of which goes to finance still further this disastrous experiment in buying friends and allies; in buying loyalty to the tenets of human liberty. In our Federal Government there is a clamor for additional pay increases for employees of numerous departments and agencies. Pay raises for the Coast Guard and for the Post Office Department are being investigated, but with the idea that little can be done about it, because no more taxes can be imposed to meet these demands.

My own community of Chicago, Mr. Chairman, and indeed the entire State of Illinois, now are taxed to the saturation point. Yet in Chicago there is a justified demand for pay increases for teachers, policemen, firemen, and other municipal employees. What are we going to do about these demands, Federal and local? What can we do while billions in tax money are being sent abroad as free gifts to foreign nations?

When these things are considered in the light of reason, it becomes apparent that our foreign aid programs now have reached a point where they are serving directly to lower the standard of living in the United States. For take note of this significant fact. Had we appropriated nothing for foreign aid in 1953, when the total was \$6,776,800,000 for the 1954 Government fiscal year just now ending, we would have been able to balance the Federal budget in this year. Foreign aid represented almost exactly the total of the Federal deficit.

It should be understandable, then, Mr. Chairman, why I am opposed to the bill, identified as the Mutual Security Act of 1954, H. R. 9678. The objectives sought to be accomplished in this measure are defined in the following language:

To promote the security and foreign policy of the United States by furnishing assistance to friendly nations, and for other purposes.

Fine language, indeed.

But the bill is replete with high-sounding platitudes, oratorical outbursts, and glib generalities, which add nothing to the measure by way of enlightening the public. The wording of the bill tends only to enmesh the United States more and more in the subtle trickery, the illusory policies, and the power politics of the Eastern Hemisphere.

This piece of legislation calls for billions to be handed out in just about every foreign nation identified on the global map, just as did similar bills approved by Congress over the past 8 years. The original bill was designed to provide aid for the suffering millions in Europe, who lost their livelihoods and even their hopes of the future as a result of World War II. But that is largely untrue today.

Had the later foreign aid bills been confined to this laudable purpose, undoubtedly there would have been an end of approval of them long before this. The bills latterly would not have met with the strong opposition that developed through the years. The growth of this opposition is indicated by the voting records of Illinois Members of the House.

When the foreign aid bill was submitted in 1949 to the 81st Congress, all Republican Representatives from Illinois, except four, recorded their votes against it. Only two Illinois Members of the House, who voted at all, voted in supported of the measure. Opposition to the foreign aid bills has grown stronger ever since.

The present bill is primarily one designed to delegate to the President all authority to carry out its terms. The bill calls for total appropriations of \$3,440,608,000. However, to this total must be added the funds the President would be authorized to take from unexpended balances available because of appropriations previously made by Congress for foreign aid. It is reliably reported that about \$11 billion comprising this surplus now are available for distribution under the Mutual Security Act of 1954, in addition to the current appropriations.

Here are some illustrations, Mr. Chairman, indicative of where the money that Congress is being asked to appropriate may go in the event that it is made available for distribution.

The President is authorized to make contributions to infrastructure programs of the NATO. A total of \$27 million would go to encourage and expedite development of advanced design weapons by nations or international organizations eligible to receive military assistance. Provision is made that no money in this category is to go to nations which have not signed the NATO agreement. But we do not know for sure as yet just which

nations are bound by the terms of that agreement.

It would seem to me that the millions made available for development of weapons of advanced design comes at a rather late date, in view of past events. The spies in our midst seem to have sent most of our advanced designs to Russia.

The bill provides for a gift of \$800 million to support the armed forces of the states of Vietnam, Laos, and Cambodia, in Indochina, the armed forces of France now in that area, and for other purposes connected with implementation of our foreign policy in southeast Asia. This sum is only \$175 million short of the total amount appropriated this year by Congress for extending and improving the entire highway system of the United States.

Under the category of development assistance, \$130 million is appropriated for assistance designed to promote the economic development of the Near East and Africa; also \$85 million for development of south Asia, comprising chiefly India, which refused American transport planes a right-of-way in flying French soldiers to the defense of Indochina.

Other provisions would authorize expenditure of \$9 million for economic development of Latin American nations and non-self-governing territories in the Western Hemisphere; also \$17,958,000 for making contributions to the United Nations expanded program of technical assistance. Another \$500 million would go to purchase surplus agricultural commodities produced in the United States for distribution to needy populations abroad.

My point in citing all these provisions of the bill, Mr. Chairman, is simply to drive home the fact that the money of American taxpayers is being taken, without authority under the Constitution, for distribution throughout the entire world. To drive home the further fact that this is being done, while American public works are being neglected, while American workers in governments, both Federal and local, are unable to get cost-of-living pay increases, which can affect the standard of living in the United States in many respects.

Now in conclusion, I should like to make a few observations. With respect to the failure of postal workers to get a justified pay raise, let me say that it is reliably reported that it costs \$5,000 a year to maintain an American soldier abroad, while the average postal employee starts with a base pay of only \$3,300. Yet the postal employee usually supports and educates a family, while the soldier, usually without dependents, too often spends his time guarding the property of foreign nationals in a land beyond the seas.

Let me observe, also, that we face a dire situation throughout all of South and Central America. Communist inspired riots and political uprisings sporadically occur in most of the Latin American countries. In Argentina currently is ruled by a dictator who has made common cause with the Communists and other left-wing elements of the country. In Chile recently we witnessed

a mass meeting of college students, who burned the flag of the United States, and hanged in effigy our President.

In British Guiana, Communist infiltrators of the local government tried to take over, and were prevented from doing so only when the British Government sent in troops and put the country under martial law.

All of these things followed upon the expenditure of many millions by the United States Government in promoting what is referred to as the "good neighbor" policy. Today there is more unrest, and less respect and regard for the United States, than ever before in Latin America.

Among our most loyal and cooperative of allies may be numbered the Scandinavian countries, the Low Countries comprising the Netherlands and Belgium, and incidentally the Republic of Ireland. Yet these countries have not made continuous demands for replenishment of their national treasuries with American dollars, under threat of going Communist should their demands be refused.

West Germany, a country which has been gradually rebuilt by its inhabitants on the ashes of national destruction and despair, is bypassed when it comes to American foreign-aid handouts; handouts that are virtually imposed by main force on the NATO signatory nations.

Israel, the latest nation on the face of the globe to achieve the goal of self-determination, has made superhuman efforts to establish a successful commonwealth where refugees of Hebrew origin cast up by World War II may find asylum. This infant republic, dedicated to human liberty, has been allotted the paltry sum of only \$33 million of grants in aid by the provisions of the bill now before the House.

At the same time, provision is made for further coddling of Tito, the erstwhile disciple of Josef Stalin, who asks us to take his word for it that he no longer obeys the orders of the Kremlin. Who knows but what his country of Yugoslavia may yet become the Trojan Horse of the Communists, should a worldwide atomic war break out?

Again let me observe, that the tax savings embodied in the tax reduction bill now before the Congress would total approximately \$1,250 million a year. The foreign-aid expenditures next year, including the money now asked to be appropriated and the unexpended balances on hand, would be at least three times the total of the tax savings that are contemplated.

And finally, Mr. Chairman, let me make this one last observation. If it is true that the rest of the free world will go our way only if we continue to carry it on our backs, we can be sure of one thing. The rest of the free world will ride us until we die of economic exhaustion. Foreign governments will continue to take everything we are willing to give. Judging from past experience, they will not use those gifts to promote human freedom. They will use them to finance their own socialistic experimentation.

(Mr. JONAS of Illinois asked and was given permission to revise and extend his remarks.)

Mr. VORYS. Mr. Chairman, I ask unanimous consent that the remainder of title I be considered as read and open to amendment. I do not think there are any further amendments to title I.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The remainder of title I is as follows:

CHAPTER 3—DEFENSE SUPPORT

SEC. 131. General authority: (a) The President is hereby authorized to furnish, to nations and organizations eligible to receive military assistance under chapter 1 of this title, commodities, services, and financial and other assistance designed to sustain and increase military effort. In furnishing such assistance, the President may provide for the procurement and transfer from any source of any commodity or service (including processing, storing, transporting, marine insurance, and repairing) or any technical information and assistance.

(b) There is hereby authorized to be appropriated to the President for the fiscal year 1955 to carry out the provisions of this section, not to exceed—

(1) \$45,000,000 for Europe (excluding Greece and Turkey);

(2) \$81,850,000 for the Near East (including Greece and Turkey), Africa, and South Asia; and

(3) \$96,430,000 for the Far East and the Pacific. In addition, unexpended balances of appropriations heretofore made pursuant to section 541 of the Mutual Security Act of 1951, as amended, are hereby authorized to be continued available for the purpose of this subsection through June 30, 1955, and to be consolidated with the appropriation authorized for the same area by this subsection: *Provided*, That portions of such unexpended balances which have been allocated to assistance for Greece and Turkey shall be consolidated with the appropriation authorized by paragraph (2) of this subsection.

SEC. 132. Korean program: (a) There is hereby authorized to be appropriated to the President for the fiscal year 1955 not to exceed \$230,000,000 to be expended, upon terms and conditions specified by the President, for defense support, relief and rehabilitation, and other necessary assistance (including payment of ocean freight charges on shipments for relief and rehabilitation, without regard to sec. 409 of this act) in those parts of Korea which the President shall have determined to be not under Communist control. In addition, unexpended balances of funds heretofore allocated for the purpose of relief and rehabilitation in Korea pursuant to the paragraph entitled "Relief and Rehabilitation in Korea," chapter VII, Supplemental Appropriation Act, 1954, and unobligated balances of the appropriation for "Civilian Relief in Korea," title III, Department of Defense Appropriation Act, 1954, are hereby authorized to be continued available for the purposes of this subsection through June 30, 1955, and to be consolidated with the appropriation authorized by this subsection.

(b) (1) Notwithstanding the provisions of any other law, the President is authorized, at any time prior to 24 months from the date of enactment of this act, to transfer to the Republic of Korea, by sale or charter and on such terms and conditions as he may specify, title to not more than eight CI-M-AVI vessels. Any agency of the United States Government owning or operating such vessels is authorized to make such vessels available for the purpose of this subsection. Funds made available pursuant to subsection (a)

of this section shall be available for the purpose of this subsection.

(2) Such transfers shall be made at prices determined under section 3 of the Merchant Ship Sales Act of 1946 (50 U. S. C., App. 1736): *Provided*, That such vessels shall be placed in class in accordance with minimum requirements of the American Bureau of Shipping by the owning or operating agency, and the expense of placing in class shall be reimbursed to such agency.

(c) There is hereby authorized to be appropriated for the fiscal year 1955 not to exceed \$11,300,000 for making contributions to the United Nations Korean Reconstruction Agency or expenditure through such other agency for relief and rehabilitation in Korea as the President may direct. In addition, the unexpended balance of the appropriation made pursuant to the last sentence of section 303 (a) of the Mutual Security Act of 1951, as amended, is hereby authorized to be continued available for the purpose of this subsection through June 30, 1955, and to be consolidated with the appropriation authorized by this subsection. Sections 141 and 142 of this act shall not apply with respect to assistance furnished under this subsection.

(d) To the extent necessary to accomplish the purposes of this section (1) assistance may be furnished under this section without regard to the other provisions of this chapter and (2) the authority provided in section 306 may be exercised in furnishing assistance under subsection (a) of this section.

SEC. 133. Terms of assistance: Assistance under this chapter may be furnished on a grant basis or on such terms, including cash, credit, or other terms of repayment, as may be determined to be best suited to the achievement of the purposes of this act.

CHAPTER 4—GENERAL PROVISIONS RELATING TO MUTUAL DEFENSE ASSISTANCE

SEC. 141. Conditions of eligibility for assistance: No assistance shall be furnished under this title to any nation or organization unless the President shall have found that furnishing such assistance will strengthen the security of the United States and promote world peace. No such assistance shall be furnished to a nation unless it shall have agreed to the provisions required by section 142, and such additional provisions as the President deems necessary to effectuate the policies and provisions of this title and to safeguard the interests of the United States.

SEC. 142. Agreements: No assistance shall be furnished to any nation under this title unless such nation shall have agreed to—

(1) join in promoting international understanding and good will, and maintaining world peace;

(2) take such action as may be mutually agreed upon to eliminate causes of international tension;

(3) fulfill the military obligations, if any, which it has assumed under multilateral or bilateral agreements or treaties to which the United States is a party;

(4) make, consistent with its political and economic stability, the full contribution permitted by its manpower, resources, facilities, and general economic condition to the development and maintenance of its own defensive strength and the defensive strength of the free world;

(5) take all reasonable measures which may be needed to develop its defense capacities;

(6) take appropriate steps to insure the effective utilization of the assistance furnished under this title in furtherance of the policies and purposes of this title;

(7) impose appropriate restrictions against transfer of title to or possession of any equipment and materials, information, or services furnished under chapter 1 of this title, without the consent of the President;

(8) maintain the security of any article, service, or information furnished under chapter 1 of this title;

(9) furnish equipment and materials, services, or other assistance consistent with the Charter of the United Nations, to the United States or to and among other nations to further the policies and purpose of chapter 1 of this title;

(10) permit continuous observation and review by United States representatives of programs of assistance authorized under this title, including the utilization of any such assistance, or provide the United States with full and complete information with respect to these matters, as the President may require; and

(11) in cases where any commodity is furnished on a grant basis under any provision of this act other than chapter 1 of title I under arrangements which will result in the accrual of proceeds to the recipient nation from the import or sale thereof, establish a special account, and—

(i) deposit in the special account, under such terms and conditions as may be agreed upon, currency of the recipient nation in amounts equal to such proceeds;

(ii) allocate to the use of the United States Government not less than 10 percent of the amounts deposited in the special account; and

(iii) utilize the remainder of the special account for programs agreed to by the United States to carry out the purposes for which new funds authorized by this act would themselves be available.

Any unencumbered balances of funds deposited in the special account after the effective date of this act which remain in the account upon termination of assistance to such nation under this title shall be disposed of in such manner as may be authorized by act or joint resolution of the Congress.

The CHAIRMAN. If there are no further amendments, the Clerk will read.

The Clerk read as follows:

TITLE II—DEVELOPMENT ASSISTANCE

SEC. 201. Authorization: (a) There is hereby authorized to be appropriated to the President for the fiscal year 1955, not to exceed—

(1) \$130 million for assistance designed to promote the economic development of the Near East and Africa, and for other types of assistance designed to help maintain economic and political stability in the area

(2) \$85 million for assistance designed to promote the economic development of South Asia and to assist in maintaining economic and political stability in the area; and

(3) \$9 million for assistance designed to promote economic development in the other American Republics and non-self-governing territories of the Western Hemisphere.

Such assistance may be furnished on such terms and conditions as the President may specify, except that not less than 50 percent of the assistance furnished under each paragraph of this subsection shall be furnished on terms of repayment in accordance with section 505.

(b) In addition, unexpended balances of appropriations heretofore made pursuant to sections 206 and 302 (b) of the Mutual Security Act of 1951, as amended, and unexpended balances of funds allocated to the emergency economic aid program for Bolivia are hereby authorized to be continued available for the purposes of this section through June 30, 1955, and to be consolidated with the appropriations authorized by paragraphs (1), (2), and (3) of subsection (a) of this section, respectively.

Mr. ADAIR. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ADAIR: On page 22, strike out lines 12 through 15.

(Mr. ADAIR asked and was given permission to revise and extend his remarks.)

Mr. ADAIR. Mr. Chairman, my amendment would strike out \$85 million of economic aid for India. There is in this bill in aid earmarked for India a total of \$104.5 million. Of that total \$85 million is in this title II, development assistance, which means economic aid. There is in another portion of the bill, title III, which provides \$19.5 million for technical cooperation. My amendment would remove the \$85 million but would have no effect on the \$19.5 million in the technical cooperation section of this bill.

I must call the attention of the committee to the fact that as it is now written any funds provided under this section of this bill would be subject to the limitation that not less than 50 percent of the assistance be furnished on a loan basis. However, since we have been contributing substantial funds to India, we have contributed roughly \$186 million in the period 1952-54. This money has been integrated and tied in with the 5-year plan of India for her own recovery. That plan was begun in 1951, but this country did not begin to participate until 1952. The money which is available in this \$85 million item is to be used as planned for these purposes. I think it is important for the Members of the House to realize that as we consider this amendment. It is to be used with emphasis on nonagricultural development—including industry, transport—railroad rehabilitation, and electric power for economic expansion. If you leave this money in this bill, those are the things for which you are providing funds. The programs which have met with the greatest degree of success in India, that is those which come under the general heading of technical cooperation are not disturbed. Those are the programs whereby our experts go into various communities in India and teach the people how to do things for themselves for their own benefit and their own betterment. We, by removing this \$85 million, will simply be removing the economic aid to that nation. It seems to me the question which is before the House this afternoon, as we consider this point is this: Is it good for India and is it good for our country to leave this amount of money in the bill for the purposes I have specified? Certainly, we have many friends in that great country, and I am sure they realize that they have many friends here, but it becomes a matter of weighing the benefits of such a program. It seems to me that here is the opportunity for the House to express its opinion upon a question not of military aid, not of technical assistance, but of economic aid. Therefore, I think it very proper that this amendment be adopted and the \$85 million removed from the bill.

Mrs. FRANCES P. BOLTON. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I rise to speak in defense of the authorization of aid for India as contained in this bill. As the Members know, the Honorable JAMES P. RICHARDS and I were congressional dele-

gates to the Eighth General Assembly of the United Nations. During that 3 months' assignment, we had dealings with the delegates from India which were not always pleasant. As Americans we were sometimes surprised and shocked by Indian statements and inferences about the United States' conduct of its foreign policy. In our report to the Congress—House Report No. 1695—we expressed our criticism in very plain words, for we felt that the Congress should be aware of that situation and we hoped that the attitudes of your representatives would be brought sharply to the attention of the Government of India.

I am pleased that the minority report on this bill quoted our remarks on India because it gives me an opportunity to illustrate an important principle which should guide this House in its consideration of all matters dealing with American foreign policy. That principle is that our first consideration must always be to protect and further the best interests of the United States. To that end, I sincerely believe that by authorizing this money for India we will be considering the best interests of the United States.

India is a newly independent nation of 400 million people. For the past 200 years they have been governed by outsiders, leaving them highly suspicious of the West, even when our overtures were made in friendship and good faith. We know their fears are unreasonable, but we must recognize that they exist. We should also recognize that the leaders of India, when they make rash and unjustified statements, often are playing upon the prejudices and fears of their people. We on the American political scene are too often guilty of this same practice!

The authorization which we are considering today will go as aid to the Indian people. If such efforts contribute to better standards of living which would most certainly tend to bring about a better understanding of our endeavors in their behalf, I feel certain it will do more to change the public statements of their leaders than any criticism we direct at the Indian leaders alone.

But even aside from an apparent lack of appreciation shown by the Indian Government, we must never lose sight of the fact that India is an independent, democratic country, demonstrating, by its very existence, that a free people can survive and prosper in Asia. In our never-ending psychological battle with communism in Asia we could have no better demonstration of the basic strength of our way of life than the example of a free India.

Moreover, India is a going concern. Its people are no longer willing to accept conditions under which they have lived for centuries. They are helping themselves. But without outside economic assistance can they progress rapidly enough?

Asia, as you all know, is in terrible ferment. Upheavals in underdeveloped areas have caused, in part, many of the troubles on that great continent. India is emerging as a leader of the Asian nations. Other countries of that area look to India for guidance in policy because they believe that India has been recog-

nized across the world as a major power. We have a vested interest in India's position if only to be sure that India and not Red China becomes the spokesman in Asia.

I hardly need tell you that the Soviets are exerting a tremendous effort in India. The necessity to Sovietize India and China was openly expressed during numerous sessions of the Comintern. India must build itself a strength with which to resist communism, now in control of neighboring China. This she can do as she realizes her own potentialities and is given time to develop maturity and political wisdom.

What will happen if India is engulfed by communism? Aside from the disastrous psychological effect on all Asia, let me point to some of the United States import lists. We receive from India 37 percent of our manganese, 63 percent of our mica, 53 percent of our ilmenites, and many other strategically important minerals. Moreover, India contains one of the world's richest deposits of iron ore, coal, and bauxite.

I feel that this authorization for aid to India is very definitely in the first and best interest of the United States.

Let me say in conclusion that to me we are not buying India's friendship. Surely we are not stupid enough to think we could do so in India or in any other country. But we believe that by helping the Indian people when and as they so desire in the building of better standards of living we shall be able to strengthen those within India who are fighting communism vigorously and wholeheartedly.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. CELLER. Mr. Chairman, I move to strike out the last word.

Mr. VORYS. Mr. Chairman, will the gentleman yield for a consent request with reference to time on this amendment?

Mr. CELLER. I yield.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 10 minutes.

Mr. DAVIS of Georgia. Mr. Chairman, reserving the right to object—

Mr. CELLER. Mr. Chairman, I cannot yield if this is taken out of my time.

The CHAIRMAN. It will be taken out of the gentleman's time.

Mr. CELLER. Then I cannot yield further.

Mr. VORYS. Mr. Chairman, I withdraw my request.

Mr. CELLER. Mr. Chairman, to cut out aid to India would be tragic, unrealistic, unwarranted surgery. It would be a knife at the heart of our own foreign policy. The injury to ourselves, I might venture to say, would be greater than even we can calculate at this moment. With one such act of deletion, we have spoken a great democracy's—our democracy's—indifference to want and poverty; we alienate not only the people of India but those who watch and weigh our leadership in world affairs. What are our objectives? An expression of irate impatience? Or finding the one road to peace?

For years we have heard much criticism on the loss of China. The debate

continues in fury. Yet here we contemplate a deed so fraught with tragedy for the whole free world that generations hence will ask whence came these blind spots.

India wants peace. This I know. It is not only that India wants peace; she desperately needs peace, peace that will give her time, she argues, time to work out the enormous problems, economic and social, that face her. Nehru says:

If we delay too long, perils will envelop us, both external and internal, so we must have a sense of urgency.

This is India's thinking. We know as well as India knows the thousands of miles of common border she faces with Red China. The dilemma is there for her. One of her ways to solve it, she believes, is to adopt, as she calls it, a dynamic neutralism. We may not agree that that is the way. We may say this is the wrong way to buy time, but we do know she is trying to struggle through to peace. And not a peace at any price, for if it were at any price, India could not point at all to her voting record in the United Nations. During the eighth session of the General Assembly, India voted in support of the United States on 27 occasions and in support of the U. S. S. R. on 19 occasions. There would have been no such 27 occasions were India willing to try for time at any price. Keep in mind that at the same time the United States and the Soviet Union voted in support of each other on 14 occasions.

To say that India is not alert to the dangers of international communism is to deny the facts. It is perhaps the degeneration of alertness that may be open to question. Within India itself, quiet, quick, and effective measures are being constantly taken against subversives and Communists in government. Communism is a crime and the party is outlawed in numerous provinces. Many Communists have been jailed. India, unlike us gets after communism without fanfare, without any circus performances. During my visit to India, I talked with Nehru, President Persad, Governor General Bagpai of Bombay, Governor General Roy of Bengal and many other leaders in Government. I found that by instinct, training, education, they are all oriented toward the West. And it is this orientation we must keep in mind when we act on aid to India. Do we encourage this orientation of India's leaders or do we push it away and with the pushing away make room for greater poverty in which the evils of communism flourish?

We cannot accuse India of bad faith. In her own way, she, too, seeks the road to peace, not in defiance or arrogance, but hopefully, probing here and there. This is of course her right, as it is ours, to seek varying directions to peace. If we deny her our aid, what do we save? Money. But if we grant it, we may in the end have saved a continent and millions of human souls. We cannot demand that other countries recreate themselves in our own image. If we can help in some measure India toward the fulfillment of her aims toward economic and social well-being, toward the

expansions of democracy, then we shall in that measure have helped ourselves and all of the free world. I pray, gentleman, you consider well what you do.

I am not unaware of what may appear to be Nehru's skirting. Nehru has advocated the possibility of a peaceful co-existence with Red China. This is a policy advanced by Great Britain and France as well. Nobody at this moment can say whether that is possible or not, but, again, we do not turn aside from the most significant and largest democracy in Asia because while we do not differ in objectives we differ, perhaps, in method. India is a democracy, eager to preserve that democracy, eager to develop democratically. We face the long, hard pull at this turn of history. Irritation and impatience are the most ill-advised of all possible guides.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. CELLER. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

Mr. VORYS. Mr. Chairman, I object.

Mr. Chairman, I ask unanimous consent that all debate on the pending amendment and all amendments thereto close in 15 minutes.

Mr. DAVIS of Georgia. Mr. Chairman, reserving the right to object, may I ask the gentleman, why can he not permit Members to debate this item that carries \$85 million? Do we have to hurry through with it on a basis of that kind?

Mr. VORYS. It is because of pressure on the House that the gentleman knows about. I have been hoping all day that we could move along. It seems to me that 15 minutes would be sufficient.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

Mr. DAVIS of Georgia. Mr. Chairman, I object.

Mr. DORN of South Carolina. Mr. Chairman, I rise in support of the amendment offered by the distinguished gentleman from Indiana [Mr. ADAIR]. In the last few years we have put this economic aid policy on a very fallacious foundation.

There is one thing I learned in the Far East 2 years ago from some people over there that I know knew what they were talking about. I was reliably informed that when Prime Minister Nehru came to the United States on his famous visit some years ago, which many of you will remember, he was taken up to Wall Street in New York. He was shown the vast financial setup of the United States. He was told that this corporation here represented billions of dollars, that this one represented hundreds of millions of dollars. He was taken over this country and shown vast projects that India could not possibly have in the next generation.

Then he went back to India and made this statement:

I do not like America. America is too dollar minded. They worship the dollar. They seem to think they can buy our friendship.

Those people resent that.

Mr. Chairman, what we should have done when Nehru was in America was take him out to Indiana or Nebraska or some of these great breadbasket areas of America. We should have shown him how to grow food for the people of India. Let him see the ordinary people of America. We have some poor people too. We should not have taken him up to Wall Street and shown him and impressed upon his mind the power of the almighty dollar. A real opportunity was missed to show Nehru the grassroots of the United States. The freedom and stamina of the common citizen—the real power of America.

It is time for us to wake up. We are in charge of the purse strings of America. Yes, I saw on the streets of Calcutta, along with the gentleman from North Carolina [Mr. BONNER], and others, after we had voted millions of dollars in grain for India, the bodies being hauled off early in the morning, just as they have been for generations. And, listen, Mr. Chairman of the Committee on Foreign Affairs, I was not taken on that tour around the streets of Calcutta at 6 o'clock in the morning by the cocktail diplomats who are supposed to be representing the people of the United States of America. I was taken there and shown the truth by the Standard Oil representative in Calcutta, by the representatives of American business, who told me about this fallacious policy, this ridiculous idea, of buying the friendship and love of people across the seas. They told me that every single bushel of wheat in the United States of America could have been piled on the wharves of Calcutta and the people of India would still be starving, as they have been for hundreds of years. Why? Because they do not have the railroad facilities in India. Why? Because 83 percent of the people of India are illiterate. They cannot read or possibly know where the aid comes from. The Government of that country would take the wheat and give it to their rich merchants, to those people friendly to Nehru, who in turn would give it to their friends, or sell it on the blackmarket. The people of that country continued to starve as they have been doing for many years.

What is the answer to this problem? Yes, send relief to those areas of the world where they need it, where people are starving, but send it through the Red Cross, send it through the Salvation Army, send it through the international relief organizations, people qualified to administer relief and meet the needs of the people of the world without any political strings tied to them by the party in power. Send aid in the Christian spirit of brotherly love. Not through some Government agent interested in padding figures to keep his job and maintain his luxurious standard of living.

I remember a colonel coming here from Bulgaria appearing before the Committee on Un-American Activities who made the flat statement, which has never been refuted, that UNRRA helped in the communization of his country; that when UNRRA came there, who was

the crowd that administered it? The party in power, of course. And, they gave it to their friends on the promise that they would get more people into the Communist Party, and it was the taxpayer's money of this country that helped to communize Bulgaria, Poland, Czechoslovakia, and those nations of central Europe.

Mr. Chairman, it is time for this Congress, for this House, to realize that self-respect, honor, decency are still considered virtues by peoples in foreign lands. Their courage, determination and desire for freedom cannot be bought with American dollars. Their character and national pride is being weakened with handouts.

We should tell our foreign friends that there is no easy road to national glory. Tell them that the America of today is the product of privation, frugality, poverty, perservance, blood and sweat. They too can have freedom by their own efforts, by looking to and believing in themselves. Faith in their own destiny will win where American money alone cannot possibly buy national honor.

Mr. DAVIS of Georgia. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I was unable to get the hearings on this bill in time to go through them as thoroughly as I would have liked before this bill came up. I have, since the committee report was available, studied this matter as closely as I could, and I have discovered one thing which was rather amazing to me; it is shown on page 9 of the committee report. The amount which is proposed in this bill for development assistance, for technical cooperation and other programs under title IV amounts to \$481 million. Now, that is \$45 million more than this House appropriated this year for all the rivers and harbors projects in the entire United States, which amount to \$436,379,000. The rivers and harbors item for last year amounted to \$423 million, and yet this bill carries \$481 million for items which are not military assistance, not direct forces support, not defense support, but such items as 2,850 deep wells in the Ganges River delta to irrigate that farmland; for such items as building a fertilizer plant in India; for furnishing steel to India, and for items of that kind which are not a part at all of the technical assistance program.

Two years ago it was proposed to appropriate \$77 million to India under the point 4 program for that year, although India was nearly \$2 billion in the black, and we had a national debt then of \$259 billion. I offered an amendment to cut \$50 million off the Asia-Pacific so-called point 4 program; it passed overwhelmingly in the House and the reduction was approved in the Senate. So, we saved that \$50 million that year. We ought to save the \$85 million this year which is provided by the amendment offered by the gentleman from Indiana, in support of which I am now speaking.

That part of the hearings which I have been able to read and digest up to this time shows that—and I quote from page 540 of the hearings:

We have to date contracted for 2,850 production wells and are currently in the process of contracting for 350 exploratory wells in other parts of India. The United States investment in this program has been \$24.5 million, to date, mostly from fiscal year 1952 and fiscal year 1953 funds.

It is also proposed in this program to spend our taxpayers' money for locomotives and freight cars and to rehabilitate the railroads of India.

In the financial stringency which we find our Government faces at this time, every dollar of this money which we appropriate for India and in this program must be borrowed money and we must pay interest on it. It is that kind of a burden on the taxpayers of this country. So I say that in the financial stringency which our Government now faces we should not, in addition to all these military items, be engaged in financing this kind of a program for India or any other foreign country. We have a hard enough time financing our water resources development projects here in this country. As I have already pointed out, the entire river and harbors appropriation in the House this year is \$45 million less than the \$481 million which is proposed to be appropriated here for these three items which go to make up the so-called point 4 or technical assistance and special economic assistance program.

This program started off in 1951 in the beginning to be a technical assistance program, with an appropriation for India of \$5 million. It jumped the next year to \$54 million; the following year \$77 million was requested, and this year \$85 million. Is there no help for the American taxpayer?

The CHAIRMAN. The time of the gentleman has expired.

(Mr. DAVIS of Georgia asked and was given permission to revise and extend his remarks.)

Mr. JACKSON. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, I take the floor in support of the amendment and I would say in that connection that while India is entitled to lead her own life politically, economically, militarily; to pursue whatever course she may desire in world affairs including that of neutralism or close cordiality with the Soviet Union; and while Mr. Nehru may think what he wants, he may say what he desires to say in world councils, he may govern as he chooses, this country is certainly under no compulsion, under no obligation to underwrite constant, continuous and premeditated abuse from the leader of India nor from any other leader of any other nation in the world. Consistently across the past several years—in the world press, in the councils of the East, in the councils of the United Nations, our efforts and our objectives have been scorned and our projects worldwide have been derided. It appears that only our contributions in dollars and our contributions in wheat are acceptable in the Indian market place of ideas and of philosophies.

I think it should be said quite frankly that there is a tendency on the part of many to tiptoe around the true purposes of what we are trying to do in this

all-out, tremendous effort which has been made across the years and is being made presently by this Congress. We are trying, to the best of our ability, to contribute in material support and in moral support, to the free nations of the world who can bring to this great effort against the greatest aggression since Genghis Kahn, spirit, determination, cooperation—those things without which certainly our efforts and the efforts of our allies are doomed to certain failure.

Today in the great worldwide bucket brigade in which this Nation is but one nation in the line there are those who are willingly passing along the bucket to help quench this great worldwide conflagration, but in that line as of today there is one nation which insists on trying to pass the bucket in the opposite direction and the confusion, the chaos and the dissension which grow out of India's present activities in this area cannot help but seriously handicap if not frustrate completely the decided effort being put forth.

Military aid is one thing, and there is important military aid contained in this bill. May I say here parenthetically that I intend to support the bill. I intend to vote for it. I think that to cease our effort at this point in what we are trying to do would certainly bring about a state of worldwide chaos. But I cannot subscribe to the idea that we are under a moral obligation to continue to do one single thing for those nations whose every effort appears to be directed to the frustration of our efforts in this regard.

I am very much in favor of the amendment offered by the gentleman, and I hope it will be adopted by this body.

Mr. JUDD. Mr. Chairman, I move to strike out the last word.

Mr. VORYS. Mr. Chairman, if the gentleman will yield, I ask unanimous consent that debate on this amendment and all amendments thereto close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. JUDD. I yield to the gentleman from New York.

Mr. JAVITS. May I make the observation that we like to have friends, but in this bill we are seeking allies. Also, that we, unlike the Communists, need no satellite states to enslave, but that we want to help peoples in the rolls of the free world. India is a vital counterfoil to Communist China and must be kept free.

Ambassador Allen, who is an extremely able man, and in whom so many Members of the House have confidence, reported this conversation—hearings, page 528—with Prime Minister Nehru:

He said he recognized that if any country becomes so dependent on foreign aid that it becomes addicted to the habit, then it never will be able to stand on its own feet. He said India needed foreign aid but at the same time he did not want India to become an habitue of it. He wanted India to stand on its own feet as soon as it could and as well as it could. He referred to this

as a limitation on India's desire to have foreign assistance.

I might say that I respect that point of view. It is a great deal more dignified, it seems to me, and self-reliant than just to put your hand out for as much as you can get.

That, I think, is the attitude we all want taken, with respect to countries we work with in the mutual-security program. What we want them to do is to stand on their own feet in the lists of the free. That I know is the gentleman's view, and it is mine. India, building up economically, has a development plan involving \$4 billion in investment, and our aid is estimated not to exceed 10 percent in any case overall. This plan is the redeeming assurance of freedom and of the support of the free world for the people of India. This is our direct channel, from the American people to the people of India, of self-help and mutual cooperation. It is invaluable. The worst thing we could do is to shut off from us India's people. I ask that the amendment be rejected.

Mr. JUDD. It certainly is, and I thank the gentleman.

Mr. Chairman, to oppose this amendment is not an easy position to take for reasons that everybody knows. It would be popular to denounce India for some of the provocative things some of her leaders have done or have said about us. But the more difficult the situation is, the more we have to sit down and take a good look at what we are trying to do in this bill, what this whole program is about.

It was never designed as a means of getting people to like us. Nobody has ever induced people to like him by giving them things. They may have to take his aid because of straitened circumstances, but they resent it just the same.

The idea behind this program is not that we can bribe people to join our side. You cannot bribe anybody to join you who is worth having, anywhere in the world.

The purpose of this bill is not to discharge a moral obligation. Not a cent of this Government aid, in my opinion, can be justified as charity or humanitarianism or on the basis of moral obligation.

The idea is not even that it will make friends for us.

The purpose of this bill is to safeguard the security of the United States. There are two main means or methods by which nations have won security. One is to prevent by all legitimate means any increase or expansion of the power of the forces that are against us, that are dedicated to our destruction. The other is to keep ourselves strong and have as much as possible of the rest of the world free and strong and on our side.

We are not trying to make other countries satellites of the United States. That is the Kremlin's objective and method; it is not ours.

We want other countries to be free and proud, willing and able to defend their national independence. If they are able to defend their own country and keep its manpower and resources and strategic bases out of the control of the

enemy, that serves their interests and ours.

We are not trying to get Mr. Nehru or anyone else to bow before us to say, "Thank you so much for saving us." I would despise that attitude on our part, if anybody had it, as much as I would on his part if he were to come cravenly either to beg as a suppliant or to express gratitude as a cringing inferior.

What we are trying to do is to help free peoples stand on their own feet so that they can keep their countries free and out of the hands of our enemy. It is just as hard-headed a proposition as that. I wonder why we cannot keep our eye on the ball. This is not to make people like us; nobody is going to like us for something we do for them. It is not to make ourselves feel good because of aid we are giving to somebody. This program is to keep our enemy from getting any bigger and stronger and to keep the free world from being chiseled away and becoming steadily smaller and weaker.

Do we think we are doing so well in the world today that we can just cavalierly toss aside the several hundred million people of India who occupy exceedingly strategic territory and who may hold in their hands more of the fate of our own country than we even begin to realize?

Now how can we help keep their countries free? We can help give them the capacity to stand on their own feet and defend their national independence. That is what this bill is about. It cannot create the will, but it can give people who have the will, the capacity to defend their own institutions.

The people of Asia want economic uplift, yes, but that is not their first concern, it is a poor second. They want democracy—yes, but they can go a while longer without that, as they have gone centuries without it. The thing they do want, the desire that burns in their hearts, their first concern is the determination to be free from alien control. For decades, and in some cases for hundreds of years, they have fought to become independent. They have so recently achieved their independence. They have just tasted freedom—and they like it. More than anything else they are determined to help it. And the first person they look on with suspicion is the white man of the west, from whom they won their freedom.

They have been independent for only about 6 years, it will be 7 years in August for India. Yet we expect them to be more mature and sure of themselves and judicious than we ourselves are after 175 years of independence and self-government.

Now, Mr. Nehru is a difficult person. Who is not under such circumstances? George Washington was pretty difficult, too. So is Syngman Rhee. So, for that matter, is Mr. Churchill. Almost every man is stubborn and proud and difficult who has the will to fight for 40 years to win independence for himself and his people.

Some of the leaders of India have what doctors would call in a child, adolescent revolt. I have a daughter who is going through the same thing.

She does not know what some other imperialism may be like, but she knows what the one is like she has been under for the last 15 years; she is against it.

The British had Mr. Nehru, for example, in jail for 12 or 14 years. His inner soul has sustained wounds that inevitably make him have a strong subconscious resentment against everything connected with white people and with the Anglo Saxon tradition—of which we are a part. In his English-trained mind, he probably knows better. But down in his heart are scars that one can hardly expect to change much after what he has been through in 40 years of struggle against the west.

He hopes against hope that maybe communism, which he has never been under, will be less oppressive than the British rule which he has been under. It will not be, but it is not surprising that he does not see that yet. He is trying to get along with it.

Mr. Chairman, it took us 20 years or more to wake up to the nature of Communist imperialism. Some have not waked up yet. We have to give him a few more months. We cannot expect him to arrive at the same conclusion as we at the very same minute that we do.

Mr. Churchill has not discovered it yet. He advised us yesterday to have "a real good try for peaceful coexistence." If he still thinks that is possible, how can we ask a young nation that is just getting on its feet to be wiser and more intelligent and more resolute and more penetrating in its judgments than we in the West are, despite all our disillusioning experiences.

Again, Mr. Chairman, the Indians see the Communists steadily winning in the struggle for Asia. Do we have a right to expect them to stand up against the Reds better than the West is doing?

Mr. Chairman, I hope everyone will take a good look at this amendment before deciding to vote for it. I hope we will take a good look before we take any action that might help a country of such strategic importance to drift into the hands of the Kremlin. These newly independent peoples are striving to find their way. I am convinced that if they are given a chance to become strong and to survive, they will be on our side when the showdown comes, because it is the side of freedom, and they will find there no freedom, there is no concern for human values on the other side.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

Mr. JAVITS. Mr. Chairman, I ask unanimous consent that the time allotted to me may be given to the gentleman from Minnesota [Mr. Judd].

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. RAYBURN. Mr. Chairman, will the gentleman yield?

Mr. JUDD. I yield with pleasure to the distinguished minority leader.

Mr. RAYBURN. Does not the gentleman think and would not the committee think that since this question has been raised and since it has been considered in the committee in hearings, both pub-

lic and in executive session, and after it has been put in the bill, and furthermore, since we are dealing with a proud people, and a highly sensitive people, does not the gentleman think it would be a terrible mistake now for the House of Representatives to strike this language from the bill?

Mr. JUDD. I certainly do. That is my whole burden of my remarks. It would be like serving notice on these people that they might just as well go over to the other side first as last. That is why I believe we are playing with something as dangerous as atomic bombs here today—a sort of fission of the nucleus of freedom, if you will. When our country was just getting started, its leaders, including George Washington, wanted to be neutral, to keep out of other people's quarrels. They could do it because of physical isolation at that time. Nehru wants the same thing. He cannot have it; but does not see that yet. Events will force him to see it if we do not drive him to the other side by giving him no hope from our side. Let us not cut off all aid to India and thereby endanger our own security.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. JUDD. I yield.

Mr. HALLECK. Mr. Chairman, I merely wish to express the hope that the amendment is defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana [Mr. ADAIR].

The question was taken; and the Chairman being in doubt, the Committee divided; and there were—ayes 61, noes 99.

Mr. ADAIR. Mr. Chairman, I ask for tellers.

Tellers were ordered, and the Chairman appointed Mr. VORYS and Mr. ADAIR to act as tellers.

The Committee again divided; and the tellers reported there were—ayes 74, noes 125.

So the amendment was rejected.

Mr. PHILBIN. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD immediately following those of the gentleman from New York [Mr. FINO].

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. HALLECK. Mr. Chairman, I ask unanimous consent that the remainder of the bill be considered as read, open to amendment at any point beyond that which we have already reached.

The CHAIRMAN. Is there objection to the request of the gentleman from Indiana?

Mr. WILLIAMS of Mississippi. Mr. Chairman, reserving the right to object, I would like to ask the majority leader as to how long he intends to continue tonight?

Mr. HALLECK. I am glad the gentleman asked that question, because it gives me an opportunity to explain the situation as I see it.

There is no desire here to press on the matter of time for debate; certainly we

have gone on here with everyone speaking who wanted to speak. There has been no motion to shut off debate; any limitation was by unanimous consent.

I understand there are two amendments at the desk, one by the gentleman from Michigan [Mr. BENTLEY], and one by the gentleman from Washington [Mr. TOLLEFSON], which I understand may take a little time for debate. There are a couple of other amendments one of which will be withdrawn after a short statement. In other words, it seems we are down to the point where two amendments might take some time and the others not much time. If that is the situation and we can get the bill considered as read, then it would be my idea for the Chairman to recognize the gentleman from Michigan [Mr. BENTLEY], and the gentleman from Washington [Mr. TOLLEFSON], to dispose of their amendments. There could be a fair limitation of time for the consideration of those amendments and it seems to me if that were undertaken we could conclude the bill this evening without running too late.

Mr. WILLIAMS of Mississippi. Can the gentleman tell me what page of the bill we are on, and how many billion dollars we have already spent so far today, and how many billions we still have to go?

Mr. HALLECK. I might say to the gentleman from Mississippi—of course we have a great number of measures to be disposed of this week. There will be some conference reports in the morning. It is my desire that we meet at 10 o'clock in the morning to go on with the work that is before us and I hope that these measures that should be disposed of will be disposed of by Friday night so that we can have a long recess over the weekend. As many of you know, I had hoped for something a little better than that, but it is obvious now that that cannot be done.

Mr. WILLIAMS of Mississippi. With all due regard to the good, honest intentions of our distinguished majority leader, I recognize this as merely an attempt to expedite and rush through this legislation and I object.

Mr. HOFFMAN of Michigan. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. HOFFMAN of Michigan. If anyone should ask for the reading of the engrossed copy, would that put it over until tomorrow?

The CHAIRMAN. We have not reached that point.

Mr. HOFFMAN of Michigan. I just wanted to ask if we could do that.

The CHAIRMAN. That would be a matter for the Speaker to rule on in the House.

Mr. BENTLEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BENTLEY: Page 22, strike out lines 20 to 24 inclusive and insert in lieu thereof the following:

"The total amount of assistance furnished under each paragraph of this subsection shall be furnished on terms of repayment in accordance with section 505."

(Mr. FRELINGHUYSEN asked and was given permission to extend his remarks in the RECORD immediately following those of Mr. CHIPERFIELD.)

Mr. BENTLEY. Mr. Chairman, as Members can see in the committee print, the total amount of long-range economic assistance, otherwise known as development assistance, is \$224 million. We have just voted on an amendment to eliminate \$85 million. Fifty percent of the total amount of economic assistance is required under the committee print to be furnished on a loan basis under the terms of section 505. The amendment I have offered would put the entire amount of long-range economic assistance on a loan basis and would terminate any grant program, any give-away program, insofar as economic assistance is concerned.

In offering this amendment, Mr. Chairman, I am mindful of the recommendations of the Randall Commission which recommended that economic aid on a grant basis be terminated as soon as possible. I am also mindful of the message the President sent to the Congress on March 30 of this year on the foreign economic policy of the United States in which he said:

I subscribe, therefore, to the principle that economic aid on a grant basis should be terminated as soon as possible.

I also feel compelled to quote from a committee print containing the statement of the distinguished floor leader of our committee, the gentleman from Ohio [Mr. VORYS], in which he commented on these two statements of policy and said that apparently they have been completely ignored by the officials of the executive branch who brought up the fiscal year 1955 program to us.

I would like to quote two sentences from that statement by the gentleman from Ohio:

Experience has shown us that when a country can have a grant or a loan, it always chooses a grant, and when a foreign aid administrator has both grant and loan authority, he always chooses grants.

The second statement which I think is very important is this:

In any case, we have found since World War II that loans do not make enemies, and grants do not necessarily make friends.

Mr. Chairman, we have just debated an amendment to take out \$85 million for India and South Asia. I remember, while the debate was going on a few minutes ago, someone stating that the Indians were a proud people and they would resent such action which would be deliberately pointed at them. That is true. The people of India are a proud people. The people of the Near East, Africa, and the other American Republics in the Western Hemisphere, all of whom come in under this development assistance, are also proud people. I also think they would resent the fact we would take any of this money out of our bill. So, all right; so, they are proud people. But let us give them a chance to be proud people. Who do you think is a prouder person, the person who is on charity or does business on a loan basis? That is what I am advocating. If we have to

have this economic-assistance program for another year, I do advocate that it be placed on a loan basis so that we can conclude some business arrangements with these countries and maybe have some prospects some day of getting some money back and at the same time terminating grants and giveaways in this economic assistance which only, as somebody said yesterday, results in people thinking they are poor relations. For goodness' sake, let us give them a chance to show the pride that they are always talking about and saying they have. Let us give them pride. Let us not make them feel they are getting something for nothing. That is why I advocate the passage of the amendment which would put all long-term arrangements on a loan basis.

Mr. SMITH of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. BENTLEY. I yield to the gentleman from Wisconsin.

Mr. SMITH of Wisconsin. Is there not evidence to the effect that that is exactly what the Indians would like to do?

Mr. BENTLEY. I have here a letter from the president of the Indian League of America in which he says he does not want to see any government-to-government economic assistance of any type, and I do think that the Indian people would prefer to have a loan.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. VORYS. Mr. Chairman, what I want to say is that while I originally started out on this basis myself on this section, after a great deal of discussion and giving and taking in the committee, the committee has provided in section 505 that 10 percent of title II money is to be by way of loans. Any of the rest of it could be by way of loans, and therefore I am constrained to feel that this represents a committee compromise, a 50-50 proposition in title II, that had best be followed.

Mr. RICHARDS. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield to the gentleman from South Carolina.

Mr. RICHARDS. First of all, I want to compliment the gentleman from Ohio. I think every member of the committee will agree with me when I say that there is no man in the House or the other body who knows more about and has made a greater contribution to foreign aid legislation, or who has written more language, much of it restrictive, into foreign aid bills than has he. Further, I want to say this: He has fought for a long time for this loan provision. He won because he is brim-full of tenacity, sagacity, but most important of all, integrity. The loan provision as it is in the bill now will make \$340 million available only for loans. That in itself is a massive innovation in foreign-aid legislation. It will have to be in the nature of an experiment, and I think it will be

a successful experiment. I am glad to hear that the gentleman from Ohio is willing to go along with the committee, though he was originally for 100 percent loans on this section. I think his position is eminently correct, and I hope the House will keep the provision in the bill as it is.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. BENTLEY].

The question was taken; and on a division (demanded by Mr. BENTLEY) there were—ayes 68, noes 102.

So the amendment was rejected.

Mr. COOLEY. Mr. Chairman, I move to strike out the last word.

I should like to ask the chairman of the committee 2 or 3 questions about a section which we have not reached yet. It is on page 28, title IV, Other Programs, section 401, subtitle "Special Fund."

It was under authority similar to the authority in this provision that Mr. Stassen of the Foreign Operations Administration embarked upon his now famous Operation Reindeer which ended up by his giving 5 million Christmas presents away to people around the world. I merely ask the question for the purpose of having a little legislative history here which might guide the Administration in the use of this fund.

I want to ask the chairman of the committee and the ranking minority member of the committee if it is contemplated by this proposed appropriation that any such Santa Claus, giveaway program will be looked upon with favor by the members of the Committee on Foreign Affairs.

Mr. Chairman, you will recall that when this matter was first brought to the attention of the House it developed that actually 5 million presents were given away, paid for by the American taxpayers. I do not see how you could possibly read into the language of the MSA bill of last year any idea that we were then and there dealing with individuals on a holiday basis, or Santa Claus basis, or anything like Operation Reindeer. The language said that the President might make available to any nation not to exceed \$20 million of the \$100 million made available. Now the committee makes \$150 million available. I am not objecting to the amount involved, but I am objecting to becoming part of a Santa Claus scheme like that which we witnessed last year.

A similar provision was in the surplus disposal bill which we had here the other day calling for \$100 million. The conference report on that bill was filed today. When we came to conference on it, notwithstanding the actions of the House, the Senate conferees unanimously favored striking out that provision.

I should like to yield to the gentleman from Ohio [Mr. VORYS] to explain just what will be done with this \$150 million.

Mr. VORYS. Operation Reindeer came out of the similar fund, the President's discretionary fund, on the recommendation of the Operations Coordination Board, which was the successor to the Psychological Strategy Board last

year. There was no such program recommended or referred to in any way this year, but if the Psychological Strategy Board and the President himself thought, as they did, that this would be psychological strategy, such a thing could be done. There has been no indication or hint that Operation Reindeer would be repeated. There has been considerable discussion about it. But I want to be perfectly clear to the gentleman that this discretionary fund is intended to grant the authority of discretion to the President.

Mr. COOLEY. Do I understand that the gentleman as a member of the committee looks with favor upon such a project as Operation Reindeer?

One other thing I desire to call attention to is the fact that in the surplus disposal bill, which was before the House last week and upon which the conference report will probably be presented tomorrow, we provided \$300 million worth of surplus commodities to be given away by the President, and in addition thereto authorized the sale of another \$1 billion worth of commodities to be sold for local currencies. The amount of \$1 billion was reduced in conference to \$700 million. The \$700 million when added to the \$300 million to be given away makes a total of \$1 billion worth of surplus commodities which will be sold for foreign currencies or actually given away. In addition to that billion in the surplus disposal bill, our committee will present to the House tomorrow general farm legislation containing a section known as the "set aside." This too was a proposal of the administration and under it \$2,500,000,000 in value of surplus commodities will be "set aside." In that bill it is provided that the President under certain circumstances, may give away or dispose of any part or all of the "set aside" commodities. If all this authority is exercised and all these valuable commodities are given away our so-called surplus will certainly disappear.

I hope that you gentlemen will agree not to become a part of Mr. Stassen's Santa Claus projects in 1954.

Mr. VORYS. No, there was no approval I know of in the committee on that.

Mr. COOLEY. I am just wondering why the committee did not make some inquiries and reach some conclusions after all the talk we had about Operation Reindeer.

Mr. VORYS. Inquiries were made and a full investigation was made, but I want to point out that the only Santa Claus money that has gone through which is a pure give-away of agricultural surpluses went through in a bill from the gentleman's committee, and I voted for it, for \$300 million of relief agriculture that could be given away around the world.

Mr. SMITH of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. SMITH of Wisconsin. I think the gentleman and the House should know that there is wide discretionary authority in this legislation. Under the so-called illustrative program the Administrator can do almost anything he

wants to do in the way of Santa Claus operations or Operation Choo Choo or anything else. The House should fully understand that.

Mr. COOLEY. Does the gentleman mean to say that we are giving the \$150 million to operate such programs as were operated by Stassen last Christmas, although there is not one word in the bill or in the report that would indicate that?

Mr. SMITH of Wisconsin. Yes; indeed so. I do not think that would be denied.

Mr. WIER. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Minnesota.

Mr. WIER. I do not know what the gentleman is talking about on this Santa Claus proposition, but I took a look myself in the report to find if there was any item in there that allowed the Administrator, Mr. Stassen, to provide a worldwide tour for all of his political henchmen.

Mr. COOLEY. That was part of Operation Reindeer. I had the General Accounting Office investigate the matter, and I was advised that because no definite limitations were imposed and because language in the bill was broad and all embracing it could not be held that the use of Federal funds for Operation Reindeer was illegal.

Certainly the committee should be willing to place restrictions and limitations upon the use of this particular fund to the end that neither the President, Mr. Stassen, nor anyone else could again play Santa Claus to people around the world. Apparently when the administration decided to play Santa Claus in 21 nations and to deliver individual Christmas gifts, at the same time it was decided to keep the matter entirely secret. Even the letter written by the President to the chairman of the House Committee on Foreign Affairs was marked secret and classified. Such reports should not be secret or classified. Members of Congress should be advised fully concerning the use of all funds but under no circumstances should the great man from Minnesota be permitted to play Santa Claus and to finance his projects with Federal tax funds, and under no circumstances should he be permitted to send his political pals around the world at Government expense to check on the delivery of his Christmas gifts.

The Clerk read as follows:

SEC. 202. Administration: Except as necessary to accomplish the purposes of section 201, programs of assistance authorized by that section shall be administered in accordance with sections 301, 302, and 307.

TITLE III—TECHNICAL COOPERATION

SEC. 301. General authority and definition: It is the purpose of this title to assist the efforts of the peoples of economically underdeveloped areas to achieve economic progress by authorizing measures designed to increase technical knowledge and skills and the flow of investment capital. The President is authorized to furnish assistance in accordance with the provisions of this title through bilateral technical cooperation programs. As used in this title, the term "technical cooperation programs" means programs for the international interchange of technical

knowledge and skills designed to contribute primarily to the balanced and integrated development of the economic resources and productive capacities of economically underdeveloped areas. Such activities shall be limited to economic, engineering, medical, educational, agricultural, forestry, fishery, mineral, and fiscal surveys, demonstration, training, and similar projects that serve the purpose of promoting the development of economic resources, productive capacities, and trade of economically underdeveloped areas, and training in public administration. The term "technical cooperation programs" does not include such activities authorized by the United States Information and Educational Exchange Act of 1948 (62 Stat. 6) as are not primarily related to economic development, nor activities undertaken now or hereafter pursuant to the International Aviation Facilities Act (62 Stat. 450), nor activities undertaken now or hereafter in the administration of areas occupied by the United States Armed Forces.

Mr. CARNAHAN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I have given considerable thought to developing methods which will make the technical cooperation program more effective.

One of the underlying characteristics of these programs is the limited number of technicians available and the unlimited number of individuals who need or want technical skills. The problem is how a few people can impart knowledge to a large group in underdeveloped countries.

The countries in which FOA operates technical assistance programs also have military establishments which, for the most part, are composed of conscripts serving for a limited time, usually 1 to 2 years. They constitute a captive audience whose military training can be supplemented by technical training. The content of the training will undoubtedly vary widely from country to country and even within a country. It may include reading and writing, elementary hygiene, simple agricultural techniques, basic mechanics and a variety of other basic skills adaptable to the needs of the country and its people.

No American military personnel would be involved in this program. American civilian personnel would only be indirectly involved. Their role would be confined to (a) assistance in laying out a series of courses and (b) training groups of local peoples to do the actual teaching.

Following are some of the more obvious advantages of this method:

First. The training would reach more people than the present method of operation which is limited to relatively few centers.

Second. The programs would be geared to the needs and capacity of the country instead of stimulating needs that cannot readily be satisfied.

Third. Conscripts returning to their villages would be able to put their training to immediate use.

Fourth. By offering constructive skills capable of application after military service it would create a greater sense of satisfaction with military service and should develop a larger measure of loyalty to the government.

Fifth. The economy of the country would move forward at a more uniform, even though slower, rate.

Sixth. The training would build upon the existing economic structure and provide the basic skills that a country must have for its progressive development.

Seventh. The limited role of American personnel, located generally in a few of the larger cities, should make possible the recruitment of individuals who may presently not choose such work because it involves living in isolated villages.

Eighth. No costly supply and equipment component would be necessary.

Ninth. By careful preparation of materials it would be possible to impart values and ideas that the United States would want to impart to peoples but presently cannot do.

Mr. HOWELL. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I have been disturbed by the increasing trend which seems to be evident to make the point 4 program—the program of technical cooperation and assistance for backward or underdeveloped areas—so directly a part of our military planning that we lose sight of what President Truman had in mind when he first broached this idea in his 1949 inaugural address.

As he enunciated it that cold and gray January day out here in front of the rotunda of the Capitol, it was to be a bold new program for leading a worldwide fight against the seedbeds in which communism develops and grows. It caught the imagination of the whole free world, and led to the establishment of similar programs on a small scale by the United Nations and by the Organization of American States.

The point about point 4—and the point which is often lost sight of when we get into a discussion in the Congress of authorizations and appropriations and budgets and deficits—is that point 4 is most effective in keeping communism from gaining a foothold in the underdeveloped areas the further it is removed from straight-out military considerations.

In other words, point 4 was based in its original concept not on military considerations but on humane considerations, on rightness and decency, not strength of arms or the exigencies of military strategy.

We have this whole vast complex of other programs available to us for carrying out military objectives, and many of them are important parts of this now before us, the Mutual Security Act of 1954. They have as their purpose the defense of specific geographical areas from a potential or actual Communist attack. Hard-headed military considerations should properly dominate our decisions on these programs. They are intended to build armed strength.

But point 4 should never be relegated to a subordinate role in that strategy. To do so would be to throw away one of its strongest qualities—the appeal it makes to people who are directly helped by point 4, not as pawns in a military chess game but as human beings with very definite human needs and with lit-

the opportunity to enjoy a full and rewarding life.

True, point 4 must be limited in scope by what we can afford to do. We cannot, of course, appropriate the funds here in this or any other fiscal year which will enable the peoples of all the backward areas overnight to transform their lands into flourishing Edens. But we have made a start—a spectacular start—under this 4-year-old program of point 4, and we should have no hesitancy about continuing it and expanding it wherever possible. It is no handout program. It is not billions in economic aid, but only a few millions in a cooperative program which encourages these nations to develop their own resources largely with their own funds.

Much has been made in the Congress of the extensions of aid under this program to countries like India—neutralist countries. We are told we have no guaranty that India would take its stand with us in a showdown between the free and Communist world; no indication at all that she would fight on our side. And of course that is true. India is deliberately neutralist—to an extent which sometimes infuriates us and which also puzzles us.

But just taking India as an example: Here is a sprawling area of the world where democracy is brandnew and on trial for its life. Communism sees in India exactly the kind of economic and social conditions which it believes makes natural spawning waters for communism.

While we have every reason to be puzzled by Nehru's seeming inability to recognize the danger of Communist aggression against his country, we cannot for a moment doubt that all India recognizes the terrible danger of communism taking over India from inside.

But if we can help India to raise living standards, by use of better methods of tilling the soil and of producing the needs of the people, this danger will recede.

The same is true in other underdeveloped areas—particularly Latin America. The average lifespan in Latin America is only 43 years, compared to our average of 68. The rate of illiteracy is about 48 percent, as compared to 3 percent in the United States. The average diet is 2,304 calories a day as compared to our 3,130. There is vast land area there for a population just about the same size as ours. And yet, with all the riches of mineral and other wealth there, there is much human misery.

This is at our back door. We have seen how communism has gotten a very big foot in the door in Guatemala. We can perhaps ascribe some of that success to communism's cleverness, ruthlessness, skill at conspiratorial subversion, and so on. But the fact remains that with a large part of the population destitute, the Communists did not have to look too hard to find inviting avenues of approach.

I said a few minutes ago that I was disturbed by the increasing trend in the point 4 program as now constituted toward linking it up with military objectives. My own view is that if we go into

the countries which are really underdeveloped and where human suffering is acute because of lack of skill and know-how and the need for special assistance, and do a good job there under point 4 without necessarily tying it to military objectives, our military position in the long run will improve considerably.

Freedom means so much to us here in the United States in concrete terms of human advancement, as well as in spiritual values, that we tend sometimes to think that all peoples equate freedom in much the same way we do. But in areas where large portions of the population verge on starvation, and go without even the most elementary comforts of life, the Communists can and do make much capital out of defining freedom as freedom to starve. That is what we must fight, and we must fight it every bit as hard as we fight against Communist military adventures.

In this connection, Mr. Chairman, I share the concern expressed by all of the Democrats and a majority of the Republicans on the Foreign Affairs Committee in their report on this bill when they stated that in the present administrative setup, technical cooperation "tends to be a stepchild."

As the committee points out:

There is no one individual responsible solely for guiding and focusing attention upon technical cooperation. It is now part of an agency that has other responsibilities involving more costly operations.

After noting this stepchild relationship, the committee report adds:

Of all the parts of the program encompassed in this bill, this is the one that has the longest-range possibilities. Nowhere in the present administrative organization is the technical cooperation program brought into focus as a program. It is handled only on an area basis. The committee believes that what is needed is a single individual to concern himself with the total program and who will give it the stature and emphasis it merits as part of our foreign policy. Such an individual should be directly under the officer to whom the President entrusts the administration of the nonmilitary functions authorized in this bill.

To that, Mr. Chairman, I subscribe wholeheartedly. I would further say in conclusion that what we need on the whole point 4 program is more of the boldness and imagination and all-out enthusiasm which characterized the original establishment of the program as one of President Truman's greatest contributions to world freedom.

The Clerk read as follows:

SEC. 302. Prerequisites to assistance: Assistance shall be made available under section 301 of this act only where the President determines that the nation being assisted—

(a) pays a fair share of the cost of the program.

(b) provides all necessary information concerning such program and gives the program full publicity;

(c) seeks to the maximum extent possible full coordination and integration of technical cooperation programs being carried on in that nation;

(d) endeavors to make effective use of the results of the program; and

(e) cooperates with other nations participating in the program in the mutual exchange of technical knowledge and skills.

SEC. 303. Authorization: There is hereby authorized to be appropriated to the President for the fiscal year 1955 \$112,070,000 for technical cooperation programs in the Near East, Africa, South Asia, Far East and Pacific, and Latin America. In addition, unexpended balances of appropriations heretofore made pursuant to section 543 of the Mutual Security Act of 1951, as amended, are authorized to be continued available for the purposes of this section through June 30, 1955, and to be consolidated with the appropriation authorized by this section.

SEC. 304. Limitation on use of funds: Funds made available under section 303 may be expended to furnish assistance in the form of equipment or commodities only where necessary for instruction or demonstration purposes.

SEC. 305. Multilateral technical cooperation: As one means of accomplishing the purposes of this title, the United States is authorized to participate in multilateral technical cooperation programs carried on by the United Nations, the Organization of American States, their related organizations, and other international organizations, wherever practicable. There is hereby authorized to be appropriated to carry out the purpose of this section, in addition to the amounts authorized by section 303, not to exceed—

(a) \$17,958,000 for making contributions to the United Nations Expanded Program of Technical Assistance;

(b) \$1,500,000 for making contributions to the technical cooperation program of the Organization of American States.

Mr. SMITH of Wisconsin. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SMITH of Wisconsin: On page 25, line 8, strike out "\$112,070,000" and insert "\$100,000,000."

Mr. SMITH of Wisconsin. Mr. Chairman, I shall not press for my amendment at this time. However, I do want to make the record clear as far as this technical assistance program is concerned. We have strayed far from it. I say that because the administrators of the program have wandered far afield from the original concepts. One page 47 of the committee report, there is this language:

The first Administrator of the Technical Cooperation Administration, the late Dr. Henry G. Bennett, viewed the program this way:

"The idea is to send in a minimum number of people, with tools and limited amounts of supplies, so they may show the people by doing, and guide and instruct their doing * * *. It is believed that the benefits of the pilot projects, and projects which the Governments themselves have been stimulated to undertake in the next year or two, will result in improved earnings of the Governments so that, to a maximum extent, the large-scale projects may be financed from loans, either public or private. * * *

"The truth is that the whole program is in the main a training program. The big need in every underdeveloped area is for a reliable, trained, local leadership, and consequently we are seeking as best we can to encourage this type of training."

Now I submit, Mr. Chairman, that the purchasing of \$20 million worth of railroad equipment, the establishment of school systems, the development of power projects and the development of reclamation projects are far removed from this concept expressed by Dr. Bennett and believed in by members of this committee. I hope that in some way the

administrator of this program will heed the wishes of Congress in this matter.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Wisconsin. I yield.

Mr. JUDD. I associate myself entirely with the remarks of the gentleman. As he knows, we fought this for several years before we could get them back on the beam of tending to technical assistance and technical cooperation instead of a commodity program. However, I do not associate myself with the amendment offered by the gentleman. I think it ought to be left to them. I think it would be too bad to have the only item in the bill that is cut substantially be the item for technical assistance. I think those who are operating this program ought to plan to keep this program for at least 4 years at just about this level and really make a go of it in terms of training and not to expand it into an empire of supplying commodities.

Mr. SMITH of Wisconsin. I thank the gentleman.

Mr. CHIPERFIELD. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Wisconsin. I yield to the gentleman from Illinois.

Mr. CHIPERFIELD. I want to say that I agree with the remarks just made.

Mr. RICHARDS. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Wisconsin. I yield.

Mr. RICHARDS. I wish to ask the gentleman if he does not think the provisions of section 304 would cure the objection the gentleman has just raised in regard to former programs.

Mr. SMITH of Wisconsin. I hope so, but I have some doubt about it.

Mr. RICHARDS. It provides:

Funds made available under section 303 may be expended to furnish assistance in the form of equipment or commodities only where necessary for instruction or demonstration purposes.

Mr. SMITH of Wisconsin. It may do the trick, but I am not sure.

Mr. JACKSON of California. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Wisconsin. I yield.

Mr. JACKSON of California. I certainly would like to associate myself with the statement made by the gentleman, not to the point of agreeing to his amendment, but to the general statement that has been made.

The gentleman perhaps knows that through September, October, and November of last year the Inter-American Subcommittee of the House Committee on Foreign Affairs made a prolonged investigation in Latin America for the purpose of looking into the economic-assistance program. There is a great deal of validity in what the gentleman has said, and I certainly think that in the field of capital expenditures there is an acute and a great necessity for tightening up the operation.

Mr. SMITH of Wisconsin. I thank the gentleman.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. SMITH of Wisconsin. Mr. Chairman, I ask unanimous consent to withdraw my amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

The Clerk read as follows:

SEC. 306. Advances and grants; contracts: The President may make advances and grants-in-aid of technical cooperation programs to any person, corporation, or other body of persons or to any foreign government agency. The President may make and perform contracts and agreements in respect of technical cooperation programs on behalf of the United States Government with any person, corporation, or other body of persons however designated, whether within or without the United States, or with any foreign government or foreign government agency. A contract or agreement which entails commitments for the expenditure of funds appropriated pursuant to this title may, subject to any future action of the Congress, run for not to exceed 3 years.

SEC. 307. International Development Advisory Board: There shall be an advisory board, referred to in this section as the "Board", which shall advise and consult with the President, or such other officer as he may designate to administer this title, with respect to general or basic policy matters arising in connection with the operation of programs authorized by this title, title II, and section 414 (b). The Board shall consist of not more than 13 members appointed by the President, 1 of whom, by and with the advice and consent of the Senate, shall be appointed by him as Chairman. The members of the Board shall be broadly representative of voluntary agencies and other groups interested in the programs, including business, labor, agriculture, public health, and education. All members of the Board shall be citizens of the United States; none except the Chairman shall be an officer or an employee of the United States (including any United States Government agency) who as such regularly receives compensation for current services. Members of the Board, other than the Chairman if he is an officer of the United States Government, shall receive out of funds made available for the purpose of this title a per diem allowance of \$50 for each day spent away from their homes or regular places of business for the purpose of attendance at meetings of the Board or at conferences held upon the call of the Chairman, and in necessary travel, and while so engaged they may be paid actual travel expenses and not to exceed \$10 per diem in lieu of subsistence and other expenses.

Mr. GROSS. Mr. Chairman, I move to strike out the last word.

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, I had intended to offer a motion to strike out this section, 307, providing for the creation of another board. In 1952, when I campaigned for office, I told my people I was opposed to the creation of more boards, bureaus, and commissions in Washington.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Minnesota.

Mr. JUDD. This section does not create a board. The board is already in existence. The whole piece of legislation repeals some 13 bills, and we got rid of one board that was to advise on the overall program. But we kept this board for the reason that the gentle-

man from Wisconsin [Mr. SMITH] just stated: The technical cooperation program is still going through a shakedown period and we need the advice of wise people to help find ways to do the job in the best ways possible.

Mr. GROSS. I do not want the gentleman to take all my time. I will say to the gentleman that if he has abolished 1 board but 1 board still remains, that that is 1 board too many.

Mr. JUDD. We think this board can be very useful.

Mr. GROSS. I suspect that the members of this board will not be operating here in Washington; I imagine they will be out of the country most of the time at the expense of the American taxpayers. But I am not going to offer the amendment, because there seems to be all too little concern for economy here today. I do, however, want to get some information. What does the committee mean in section 308 where a joint commission on rural reconstruction in China is provided? It reads:

The President is authorized to continue to participate in the Joint Commission on Rural Reconstruction in China.

Is that to reconstruct agriculture in Red China?

Mr. JUDD. No; it is not operating in Red China. The section authorizes continuation of the JCRR organization that was set up in the ECA Act of 1948, and it has been the single most successful agency operating in this field that we have had around the world. It was set up on the basis of three ideas all indicated in its title. First, it is a joint organization; the Commission has 3 Chinese and 2 Americans operating it together. We work with, not for or over or under, Chinese. The second idea is rural. The people in Asian countries are predominantly rural. Instead of trying at the outset to make them into an industrial society, like we have here, the Commission tries to help them where they are. Third, reconstruction. The objective is not to try to reform them or make them over in our image, but to help them reconstruct their own rural society. Once they have attained stability in a familiar pattern, they will go on to carry out their own reforms and improvements. That was the theory I have a certain fondness for it because it was my own "baby," and I am proud of the fact that it has worked so successfully.

Mr. GROSS. The gentleman cannot sell it to me simply because he is fond of it. Where is this Commission?

Mr. JUDD. On the island of Formosa. It began on the China mainland, but it did not get started until the last few months before China fell. Even so, the areas where this organization had been operating only a short time were the areas where there was the strongest and most vigorous resistance against the Communists. We hope FOA will follow the same pattern more and more all through the point 4 program, because it has proven its worth.

Mr. GROSS. I appreciate the explanation of the gentleman. It is another Commission I did not know was in existence.

Mrs. ROGERS of Massachusetts. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I rise at this time to state that I shall vote for the pending measure. It is important, it seems to me, in saving life and limb, although I do not know how important it is in the prevention of the spread of communism. I hope it is very important. Last night I visited a service hospital with badly injured men. The hospital was full. The picture of the courage of our battle casualties is with me now.

In the last amendment there was something about the reconstruction of certain things. I deplore with all the strength in my being the fact that we have not secured passage of veterans' legislation for the reconstruction of our veterans—that is needed insofar as the United States is concerned more than any other legislation—as a matter of common justice and appreciation.

I do not know what I can say when I am asked what the Congress has passed in the way of veterans' legislation except the truth—I feel so profoundly grateful to them. I have to admit that some cuts were made in the amount of money appropriated for hospitalization; I have to say that there have been cuts in money appropriated for regional offices, so much so that 1,000 persons, practically all of them veterans, in the Veterans' Administration will lose their jobs.

I have heard vaguely and I have received some half promises, Mr. Chairman, that rules would be reported on some of our legislation passed by the Committee on Veterans' Affairs. I earnestly hope so and I hope that legislation passes the House before it is too late to go to the Senate for final passage. I for one cannot possibly go back home or go about the country and talk to our veterans and say that we passed a great deal of social security legislation and pensions for civilians, public health, welfare and education; we have passed a great deal of foreign aid legislation; we have passed aid for the farmers, increases for the postal workers, and increases for other Government workers; yet we have done nothing but cut the appropriations for our veterans—the veterans, the people of America to whom we owe the greatest debt. Without our veterans—from our earliest—we would have had no free America. We must legislate on them before it is too late. Have we become so callous, so cruel, we do not care any more?

The Clerk read as follows:

SEC. 308. Joint Commission on Rural Reconstruction in China: The President is authorized to continue to participate in the Joint Commission on Rural Reconstruction in China and to appoint citizens of the United States to the Commission.

Mr. HALLECK. Mr. Chairman, I ask unanimous consent that the remainder of the bill be considered as read and printed in the RECORD at this point and open to amendment at any point from this point on.

Mr. RAYBURN. Mr. Chairman, reserving the right to object, will the gentleman agree, then, that the Committee

do rise now? The gentleman from Mississippi is going to object to this request unless the Committee is going to rise now and take this bill up in the morning.

Mr. HALLECK. That was not my understanding about it.

Mr. RAYBURN. That is my understanding, because I just talked to the gentleman from Mississippi.

Mr. HALLECK. Then, I withdraw my request.

The Clerk read as follows:

TITLE IV—OTHER PROGRAMS

SEC. 401. Special fund: Of the funds made available under this act, not to exceed \$150 million may be expended, without regard to the requirements of this act or any other act for which funds are authorized by this act, in furtherance of any of the purposes of such acts, when the President determines that such use is important to the security of the United States. Not to exceed \$100 million of the funds available under this section may be expended for any selected persons who are residing in or escapees from the Soviet Union, Poland, Czechoslovakia, Hungary, Rumania, Bulgaria, Albania, Lithuania, Latvia, and Estonia or the Communist-dominated or Communist-occupied areas of Germany and Austria, or any Communist-dominated or Communist-occupied areas of Asia and any other countries absorbed by the Soviet Union, either to form such persons into elements of the military forces supporting the North Atlantic Treaty Organization or for other purposes, when the President determines that such assistance will contribute to the defense of the North Atlantic area or to the security of the United States. Certification by the President of amounts expended under this section up to a total of \$50 million, and that it is inadvisable to specify the nature of such expenditures, shall be deemed a sufficient voucher for such amounts. Not more than \$20 million of the funds available under this section may be allocated to any one nation.

SEC. 402. Earmarking of funds: (a) Of the funds made available pursuant to this act, not less than \$500 million shall be used to finance the purchase of surplus agricultural commodities or products thereof, produced in the United States, pursuant to title I of the Agricultural Trade Development and Assistance Act of 1954.

(b) The authority for this section shall not be in addition to the authorization provided for title I of the Agricultural Trade Development and Assistance Act of 1954.

Mr. JUDD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JUDD:

On page 29, line 15, strike out all on lines 15 through 23 and insert in lieu thereof the following:

"SEC. 402. Earmarking of funds: Of the funds made available pursuant to this act, not less than \$500 million shall be used to finance the purchase and export of surplus agricultural commodities or products thereof produced in the United States and foreign currency proceeds therefrom shall be used for the purposes of this act pursuant to section 104 of the Agricultural Trade and Development Act of 1954.

Mr. TABER. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. TABER. Mr. Chairman, I make the point of order that this is an appropriation on a bill that is not authorized by law.

Mr. JUDD. Mr. Chairman, I ask unanimous consent to amend my amendment so that it will read "Of the funds authorized to be made available."

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

The CHAIRMAN. The Clerk will report the amendment as modified.

The Clerk read as follows:

Amendment offered by Mr. JUDD:

Page 29, line 15, strike out all on lines 15 through 23 and insert in lieu thereof the following:

"SEC. 402. Earmarking of funds: Of the funds authorized to be made available pursuant to this act, not less than \$500 million shall be used to finance the purchase and export of surplus agricultural commodities or products thereof produced in the United States and foreign currency proceeds therefrom shall be used for the purposes of this act pursuant to section 104 of the Agricultural Trade and Development Act of 1954."

Mr. TABER. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. TABER. Mr. Chairman, I make the same point of order that it involves an appropriation of funds, and I call attention to the fact that the language says that these funds that are realized from the sale of these products can be used for a particular purpose. That makes an appropriation out of it.

The CHAIRMAN. Does the gentleman from Minnesota desire to be heard?

Mr. JUDD. Yes, Mr. Chairman.

This is not an appropriation. The total bill authorizes the appropriation of about \$3.4 billion. This section is a limitation on earmarking of funds that may be appropriated under the authorization. It says that of the \$3.4 billion, if and when it is appropriated, not less than \$500 million shall be used for a given purpose. This is language that is almost word for word the same as section 550 of the act last year, except the act last year said not less than \$100 million and not to exceed \$250 million should be used for this purpose of purchasing surplus agricultural commodities to be used as aid instead of dollars.

This section amounts to a cut of \$500 million in the appropriation to be made for foreign aid under the bill. We have these commodities on hand. They have already been paid for. Other countries need them but do not have dollars with which to buy them. Under this amendment instead of \$500 million being sent abroad, it will go to the CCC or into the market place to buy agricultural commodities that we already have in surplus. We will use them for aid in lieu of money. Actually, it amounts to a saving of \$500 million in new money under the bill because if we do not adopt this section, we will have to authorize and appropriate that amount to maintain the Commodity Credit Corporation's capital stock and purchasing power, while the commodities rot out in the granaries.

This is an allocation of funds authorized to be appropriated under this bill and it will allow Members to say truthfully that they have reduced the amount

of new money for foreign aid by \$500 million.

There was an understanding at the time the original agricultural trade and development bill was sent to the Committee on Agriculture that we would earmark \$500 million of the money for foreign aid, so-called, to be used to buy surplus commodities in our country.

Mr. COOLEY. Mr. Chairman, may I be heard on the point of order?

The CHAIRMAN. The gentleman may be heard on the point of order.

Mr. COOLEY. I should like to say this, that the gentleman's amendment and the section in the bill both refer to the Agricultural Trade, Development, and Assistance Act of 1954. There is not any such act. The conference report will probably come before the House tomorrow, and I assume it will be approved, but it has not yet been adopted. I do not object to \$500 million of this money being used to purchase agricultural commodities to be shipped abroad. But the gentleman goes a little further than that and undertakes to make use of the local currency which will be received by our Government in exchange for the commodities to be purchased with dollars. The amendment certainly should be perfected to authorize the sale of the commodities when once acquired for foreign currencies.

Mr. JUDD. We considered that objection and our lawyers all said that when we say, "to finance the purchase and export of surplus agricultural commodities—and foreign currency proceeds therefrom shall be used for the purposes of this act pursuant to section 104 of the Agricultural Trade and Development Act of 1954," that language authorizes their sale for foreign currencies.

Mr. COOLEY. I do not agree that it does authorize the sale. I still think we have to authorize the sale of the commodities for the local currencies. There is one other question. Does this add \$500 million to the \$700 million that we are authorizing in this Surplus Disposal Act of 1954?

Mr. JUDD. Yes. This \$500 million is outside of the \$700 million of the other Act.

Mr. Chairman, it seems to me that this is clearly in order, in that it deals with an earmarking of funds authorized to be appropriated.

The CHAIRMAN. The Chair is prepared to rule.

On a careful reading of the amendment as modified—and I wish to read the wording of it—"of the funds authorized to be made available pursuant to this act not less than," and so forth—it is the ruling of the Chair that this amendment should be interpreted to mean that unless the appropriation is first authorized, the amendment has no effect whatsoever and therefore the Chair overrules the point of order.

The question is on the amendment.

The amendment was agreed to.

The Clerk read as follows:

Sec. 403. Special assistance in joint control areas: The President is hereby authorized to furnish commodities, services, and financial and other assistance to nations and areas for which the United States has responsibility as a result of participation in

joint-control arrangements where found by the President to be in the interest of the security of the United States. There is hereby authorized to be appropriated to the President for the fiscal year 1955 not to exceed \$25 million to carry out this section.

SEC. 404. Responsibilities in Germany: Upon approval by the Secretary of State, a part of the German currency now or hereafter deposited under the bilateral agreement of December 15, 1949, between the United States and the Federal Republic of Germany (or any supplementary or succeeding agreement) shall be deposited in the GARIOA (Government and Relief in Occupied Areas) Special Account under the terms of article V of that agreement, and currency which has been or may be deposited in said account, and any portion of funds made available for assistance to the Federal Republic of Germany pursuant to section 403 of this act, may be used for expenses necessary to meet the responsibilities or objectives of the United States in Germany, including responsibilities arising under the supreme authority assumed by the United States on June 5, 1945, and under contractual arrangements with the Federal Republic of Germany. Expenditures may be made under authority of this section in amounts and under conditions determined by the Secretary of State after consultation with the official primarily responsible for administration of programs under chapter 3 of title I, and without regard to any provision of law which the President determines must be disregarded in order to meet such responsibilities or objectives.

Mr. HALLECK. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I want to make a suggestion as to what I think we might do, after consultation with committee members on our side and the minority members, and the Speaker and minority leader.

We have a number of Members who had a dinner engagement at 6:30. They are not completely out on that. However, we have other work to do, and, as I said, I would like to make this suggestion and follow it with a unanimous-consent request that if we could get the bill considered as read and then get unanimous consent that all debate on the bill and all amendments thereto close in 5 minutes, with that limitation we would have the Committee rise, and then tomorrow we will come in at 10 o'clock. We would have 20 minutes to conclude consideration of the bill and the amendments and have the voting. I understand there will be motion to recommit, on which probably there will be a record vote, which would take time, as would a vote on passage if such were had, which would run us very late tonight.

Mr. Chairman, I ask unanimous consent that the remainder of the bill be considered as read and be open to amendment at any point.

Mr. GROSS. Reserving the right to object, Mr. Chairman, that does not carry a limitation of time?

Mr. HALLECK. I expect to ask for that later.

The CHAIRMAN. Is there objection to the request of the gentleman from Indiana?

There was no objection.

The remainder of the bill is as follows:

Sec. 405. Movement of migrants and refugees: (a) For the purpose of assisting in the movement of migrants, there is hereby authorized to be appropriated not to exceed

\$11,700,000 for contributions during the calendar year 1955 to the Intergovernmental Committee for European Migration, and thereafter such amounts as may be necessary from time to time for the payment by the United States of its contributions to the Committee and all necessary salaries and expenses incident to United States participation in the Committee. In addition, the unexpended balance of the appropriation made pursuant to section 534 of the Mutual Security Act of 1951, as amended, is hereby authorized to be continued available for the purpose of this section through June 30, 1955, and to be consolidated with the appropriation authorized in this section.

(b) Of the funds made available under this act, not more than \$800,000 may be used by the President to facilitate the migration to the other American Republics of persons resident in that portion of the Ryukyu Island Archipelago under United States control.

(c) There is hereby authorized to be appropriated for the fiscal year 1955 not to exceed \$500,000 for contributions to the United Nations Refugee Emergency Fund.

Sec. 406. Children's welfare: There is hereby authorized to be appropriated not to exceed \$13,500,000 for contributions during the fiscal year 1955 to the United Nations Children's Fund.

Sec. 407. Palestine refugees in the Near East: There is hereby authorized to be appropriated to the President for the fiscal year 1955, not to exceed \$30 million, to be used to make contributions to the United Nations Relief and Works Agency for Palestine Refugees in the Near East. In addition, the unexpended balance of the appropriation made for the Palestine refugee program in the Mutual Security Appropriation Act, 1954, is hereby authorized to be continued available for the purpose of this section through June 30, 1955: *Provided*, That whenever the President shall determine that it would more effectively contribute to the relief, rehabilitation, and resettlement of Palestine refugees in the Near East, he may expend any part of such unexpended balance through any other agency he may designate.

Sec. 408. North Atlantic Treaty Organization: (a) In order to provide for United States participation in the North Atlantic Treaty Organization, there is hereby authorized to be appropriated for the fiscal year 1955 not to exceed \$3,200,000 for payment by the United States of its share of the expenses of the Organization.

(b) The United States permanent representative to the North Atlantic Treaty Organization shall be appointed by the President by and with the advice and consent of the Senate and shall hold office at the pleasure of the President. Such representative shall have the rank and status of ambassador extraordinary and plenipotentiary and shall be a chief of mission, class 1, within the meaning of the Foreign Service Act of 1946, as amended (22 U. S. C. 801).

(c) Persons detailed to the international staff of the North Atlantic Treaty Organization in accordance with section 529 of this act who are appointed as Foreign Service Reserve officers may serve for periods of more than 4 years notwithstanding the limitation in section 522 of the Foreign Service Act of 1946, as amended (22 U. S. C. 922).

Sec. 409. Ocean freight charges: (a) In order to further the efficient use of United States-voluntary contributions for relief and rehabilitation in nations eligible for assistance under this act, the President may pay ocean freight charges from United States ports to designated ports of entry of such nations on shipments by United States voluntary nonprofit relief agencies registered with and approved by the Advisory Committee on Voluntary Foreign Aid and shipments by the American Red Cross.

(b) Where practicable the President shall make arrangements with the receiving nation for free entry of such shipments and for the making available by that nation of local currencies for the purpose of defraying the transportation cost of such shipments from the port of entry of the receiving nation to the designated shipping point of the consignee.

(c) There is hereby authorized to be appropriated to the President for the fiscal year 1955 not to exceed \$4,400,000 to carry out the purposes of this section; and, in addition, unexpended balances of appropriations heretofore made pursuant to section 535 of the Mutual Security Act of 1951, as amended, are authorized to be continued available for the purposes of this section through June 30, 1955, and to be consolidated with the appropriation authorized in this section.

(d) In addition, any funds made available under this act may be used, in amounts determined by the President, to pay ocean freight charges on shipments of surplus agricultural commodities, including commodities made available pursuant to any act for the disposal abroad of United States agricultural surpluses.

SEC. 410. Control act expenses: There is hereby authorized to be appropriated to the President for the fiscal year 1955 not to exceed \$1,300,000 for carrying out the objectives of the Mutual Defense Assistance Control Act of 1951 (22 U. S. C. 1611). In addition, in accordance with section 303 of that act, funds made available for carrying out chapter 1 of title I of this act shall be available for carrying out the purpose of this section in such amounts as the President may direct.

SEC. 411. Administrative expenses: (a) Whenever possible, the expenses of administration of this act shall be paid for in the currency of the nation where the expense is incurred.

(b) There is hereby authorized to be appropriated to the President for the fiscal year 1955 not to exceed \$35,900,000 for all necessary administrative expenses incident to carrying out the provisions of this act other than chapter 1 of title I, including expenses for compensation, allowances and travel of personnel, including Foreign Service personnel whose services are utilized primarily for the purposes of this act, and, without regard to the provisions of any other law, for printing and binding, and for expenditures outside the continental limits of the United States for the procurement of supplies and services and for other administrative purposes (other than compensation of personnel) without regard to such laws and regulations governing the obligation and expenditure of Government funds as may be necessary to accomplish the purposes of this act.

SEC. 412. Strategic materials: In order to reduce the drain on United States resources and to assure the production of adequate supplies of essential raw materials for the collective defense of the free world, the President is authorized to initiate projects for, and assist in procuring and stimulating increased production of, materials in which deficiencies or potential deficiencies in supply exist in the United States or among nations receiving United States assistance. The unexpended balance of funds made available pursuant to section 514 of the Mutual Security Act of 1951, as amended, is hereby authorized to be continued available for the purpose of this section through June 30, 1955.

SEC. 413. Chinese and Korean students: Funds heretofore allocated to the Secretary of State pursuant to the last proviso of section 202 of the China Area Aid Act of 1950 (22 U. S. C. 1547) shall continue to be available until expended, under such regulations as the Secretary of State may prescribe, using private agencies to the maximum ex-

tent practicable for necessary expenses of tuition, subsistence, transportation, and emergency medical care for selected citizens of China and of Korea for studying or teaching in accredited colleges, universities, or other educational institutions in the United States approved by the Secretary of State for the purpose, or for research and related academic and technical activities in the United States, and such selected citizens of China who have been admitted for the purpose of study in the United States shall be granted permission to accept employment upon application filed with the Commissioner of Immigration and Naturalization pursuant to regulations promulgated by the Attorney General.

SEC. 414. Encouragement of free enterprise and private participation: (a) It is declared to be the policy of the United States to encourage the efforts of other free nations to increase the flow of international trade, to foster private initiative and competition, to discourage monopolistic practices, to improve the technical efficiency of their industry, agriculture and commerce, and to strengthen free labor unions; and to encourage the contribution of United States enterprise toward the economic strength of other free nations, through private trade and investment abroad, private participation in the programs carried out under this act (including the use of private trade channels to the maximum extent practicable in carrying out such programs), and exchange of ideas and technical information on the matters covered by this section.

(b) In order to encourage and facilitate participation by private enterprise to the maximum extent practicable in achieving any of the purposes of this act, the President—

(1) shall make arrangements to find and draw the attention of private enterprise to opportunities for investment and development in other free nations;

(2) shall accelerate a program of negotiating treaties for commerce and trade, or other temporary arrangements where more suitable or expeditious, which shall include provisions to encourage and facilitate the flow of private investment to nations participating in programs under this act; and

(3) may make, until June 30, 1957, under rules and regulations prescribed by him, guaranties to any person of investments in connection with projects, including expansion, modernization, or development of existing enterprises, in any nation with which the United States has agreed to institute the guaranty program: *Provided*, That—

(A) such projects shall be approved by the President as furthering any of the purposes of this act, and by the nation concerned;

(B) the guaranty to any person shall be limited to assuring any or all of the following:

(i) the transfer into United States dollars of other currencies, or credits in such currencies, received by such person as earnings or profits from the approved project, as repayment or return of the investment therein, in whole or in part, or as compensation for the sale or disposition of all or any part thereof;

(ii) the compensation in United States dollars for loss of all or any part of the investment in the approved project which shall be found to have been lost to such person by reason of expropriation or confiscation by action of the government of a foreign nation or by reason of war, revolution or insurrection;

(C) when any payment is made to any person pursuant to a guaranty as hereinbefore described, the currency, credits, assets, or investment on account of which such payment is made shall become the property of the United States Government, and the United States Government shall be subrogated to

any right, title, claim or cause of action existing in connection therewith;

(D) the guaranty to any person shall not exceed the amount of dollars invested in the project by such person with the approval of the President plus actual earnings or profits on said project to the extent provided by such guaranty, and shall be limited to a term not exceeding 20 years from the date of issuance;

(E) a fee shall be charged in an amount not exceeding 1 percent per annum of the amount of each guaranty under clause (i) of subparagraph (B), and not exceeding 4 percent per annum of the amount of each guaranty under clause (ii) of such subparagraph, and all fees collected hereunder shall be available for expenditure in discharge of liabilities under guaranties made under this section until such time as all such liabilities have been discharged or have expired, or until all such fees have been expended in accordance with the provisions of this section;

(F) the President is authorized to issue guaranties up to a total of \$200 million: *Provided*, That any funds allocated to a guaranty and remaining after all liability of the United States assumed in connection therewith has been released, discharged, or otherwise terminated, shall be available for allocation to other guaranties, the foregoing limitation notwithstanding. Any payments made to discharge liabilities under guaranties issued under this subsection shall be paid out of fees collected under subparagraph (E) as long as such fees are available, and thereafter shall be paid out of funds realized from the sale of notes which have been issued under authority of paragraph 111 (c) (2) of the Economic Cooperation Act of 1948, as amended, when necessary to discharge liabilities under any such guaranty;

(G) the guaranty program authorized by this paragraph shall be used to the maximum practicable extent and shall be administered under broad criteria so as to facilitate and increase the participation of private enterprise in achieving any of the purposes of this Act;

(H) as used in this paragraph—

(i) the term "person" means a citizen of the United States or any corporation, partnership, or other association created under the law of the United States or of any State or Territory and substantially beneficially owned by citizens of the United States, and

(ii) the term "investment" includes any contribution of capital goods, materials, equipment, services, patents, processes, or techniques by any person in the form of (1) a loan or loans to an approved project; (2) the purchase of a share of ownership in any such project; (3) participation in royalties, earnings, or profits of any such project; and (4) the furnishing of capital-goods items and related services pursuant to a contract providing for payment in whole or in part after the end of the fiscal year in which the guaranty of such investment is made.

SEC. 415. Emigration to U. S. S. R.: Funds made available pursuant to this act may be used to pay the expenses of travel of any resident in the United States to the Union of Soviet Socialist Republics for the purpose of establishing permanent residence there: *Provided*, That such resident shall not be readmitted to the United States.

SEC. 416. Munitions control: (a) The President is authorized to control, in furtherance of world peace and the security and foreign policy of the United States, the export and import of arms, ammunition, and implements of war, other than by a United States Government agency. The President is authorized to designate those articles which shall be considered as arms, ammunition, and implements of war for the purposes of this section.

(b) As prescribed in regulations issued under this section, every person who engages in the business of manufacturing, exporting,

or importing any arms, ammunition, or implements of war designated by the President under subsection (a) shall register with the United States Government agency charged with the administration of this section and, in addition, shall pay a registration fee which shall be prescribed by such regulations.

(c) Any person who willfully violates any provision of this section or any rule or regulation issued under this section, or who willfully, in a registration or license application, makes any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading, shall upon conviction be fined not more than \$25,000 or imprisoned not more than 2 years, or both.

SEC. 417. Assistance to international organization: Whenever it will assist in achieving purposes declared in this act, the President is authorized to use funds available under sections 131 and 403 in order to furnish assistance, including by transfer of funds, directly to the North Atlantic Treaty Organization, for a strategic stockpile of foodstuffs and other supplies, or for other purposes.

SEC. 418. Facilitation and encouragement of travel: The President, through such officer or commission as he may designate, shall facilitate and encourage, without cost to the United States except for administrative expenses, the promotion and development of travel by citizens of the United States to and within countries receiving assistance under this act and travel by citizens of such countries to the United States.

TITLE V—MISCELLANEOUS PROVISIONS

CHAPTER 1. GENERAL PROVISIONS

SEC. 501. Transferability of funds: Whenever the President determines it to be necessary for the purposes of this act, not to exceed 10 percent of the funds made available pursuant to any provision of this act may be transferred to and consolidated with the funds made available pursuant to any other provision of this act, and may be used for any of the purposes for which such funds may be used, except that the total in the provision for the benefit of which the transfer is made shall not be increased by more than 10 percent of the amount made available for such provision pursuant to this act. Funds transferred under this section to furnish military assistance under chapter 1 of title I may be expended without regard to the area limits imposed by section 106 (c). Not less than 50 percent of any assistance furnished under paragraph (1), (2), or (3) of section 201 (a) with funds transferred under this section shall be furnished on terms of repayment in accordance with section 505.

SEC. 502. Use of foreign currency: (a) Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, proceeds of sales made under section 550 of the Mutual Security Act of 1951, as amended, shall remain available and shall be used for any of the purposes of this act, giving particular regard to the following purposes—

- (1) for providing military assistance to nations or mutual defense organizations eligible to receive assistance under this act;
- (2) for purchase of goods or services in friendly nations;
- (3) for loans, under applicable provisions of this act, to increase production of goods or services, including strategic materials, needed in any nation with which an agreement was negotiated, or in other friendly nations, with the authority to use currencies received in repayment for the purposes stated in this section or for deposit to the general account of the Treasury of the United States;
- (4) for developing new markets on a mutually beneficial basis;

(5) for grants-in-aid to increase production for domestic needs in friendly countries;

(6) for purchasing materials for United States stockpiles; and

(7) for financing international educational exchange activities under the programs authorized by section 32 (b) (2) of the Surplus Property Act of 1944, as amended (50 U. S. C. App. 1641 (b)).

(b) Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, local currencies owned by the United States shall be made available to appropriate committees of the Congress engaged in carrying out their duties under section 136 of the Legislative Reorganization Act of 1946, as amended, for their local currency expenses: *Provided*, That any such committee of the Congress which uses local currency shall make a full accounting thereof to the Committee on House Administration of the House of Representatives (if the committee using such currency is a committee of the House of Representatives) or to the Committee on Rules and Administration of the Senate (if the committee using such currency is a committee of the Senate), showing the total amount of such currency so used in each country and the purposes for which it was expended.

SEC. 503. Termination of assistance: (a) If the President determines that the furnishing of assistance to any nation under any provision of this act—

(1) is no longer consistent with the national interest or security or the foreign policy of the United States; or

(2) would no longer contribute effectively to the purposes for which such assistance is furnished; or

(3) is no longer consistent with the obligations and responsibilities of the United States under the Charter of the United Nations,

he shall terminate all or part of any assistance furnished pursuant to this act. If the President determines that any nation which is receiving assistance under chapter 1 of title I of this act is not making its full contribution to its own defense or to the defense of the area of which it is a part, he shall terminate all or part of such assistance.

(b) Assistance to any nation under any provision of this act may, unless sooner terminated by the President, be terminated by concurrent resolution.

(c) Funds made available under this act shall remain available for 12 months from the date of termination under this section for the necessary expenses of liquidating assistance programs.

SEC. 504. Small business: (a) Insofar as practicable and to the maximum extent consistent with the accomplishment of the purposes of this act, the President shall assist American small business to participate equitably in the furnishing of commodities and services financed with funds authorized under titles II, III, and IV, and chapters 2 and 3 of title I, of this act—

(1) by causing to be made available to suppliers in the United States, and particularly to small independent enterprises, information, as far in advance as possible, with respect to purchases proposed to be financed with such funds,

(2) by causing to be made available to prospective purchasers in the nations receiving assistance under this act information as to commodities and services produced by small independent enterprises in the United States, and

(3) by providing for additional services to give small business better opportunities to participate in the furnishing of commodities and services financed with such funds.

(b) There shall be an Office of Small Business, headed by a Special Assistant for Small Business, in such United States Government

agency as the President may direct, to assist in carrying out the provisions of subsection (a) of this section.

(c) The Secretary of Defense shall assure that there is made available to suppliers in the United States, and particularly to small independent enterprises, information with respect to purchases made by the Department of Defense pursuant to chapter 1 of title I, such information to be furnished as far in advance as possible.

SEC. 505. Loan assistance: (a) Not less than 10 percent of the amounts obligated from funds appropriated pursuant to titles I and II (excluding funds previously appropriated and continued available pursuant to such titles) shall be obligated for furnishing assistance on terms of repayment (including repayment in foreign currencies or by transfer to the United States of materials required for stockpiling or other purposes).

(b) Funds for the purpose of furnishing assistance on terms of repayment shall be allocated to the Export-Import Bank of Washington, which shall, notwithstanding the provisions of the Export-Import Bank Act of 1945 (59 Stat. 526), as amended, make and administer the credit on such terms. Credits made by the Export-Import Bank of Washington with funds so allocated to it shall not be considered in determining whether the Bank has outstanding at any one time loans and guaranties to the extent of the limitation imposed by section 7 of the Export-Import Bank Act of 1945 (59 Stat. 529), as amended. Amounts received in repayment of principal and interest on any loan made under this section shall be held by the Treasury to be used for such purposes, including further loans, as may be authorized from time to time by Congress. Amounts received in repayment of principal and interest on any credits made under paragraph 111 (c) (2) of the Economic Cooperation Act of 1948, as amended, shall be deposited into miscellaneous receipts of the Treasury, except that, to the extent required for such purpose, amounts received in repayment of principal and interest on any credits made out of funds realized from the sale of notes heretofore authorized to be issued for the purpose of financing assistance on a credit basis under paragraph 111 (c) (2) of the Economic Cooperation Act of 1948, as amended, shall be deposited into the Treasury for the purpose of the retirement of such notes.

SEC. 506. Patents and technical information: (a) As used in this section—

(1) the term "invention" means an invention or discovery covered by a patent issued by the United States; and

(2) the term "information" means information originated by or peculiarly within the knowledge of the owner thereof and those in privity with him, which is not available to the public and is subject to protection as property under recognized legal principles.

(b) Whenever, in connection with the furnishing of any assistance in furtherance of the purposes of this act—

(1) use within the United States, without authorization by the owner, shall be made of an invention; or

(2) damage to the owner shall result from the disclosure of information by reason of acts of the United States or its officers or employees.

the exclusive remedy of the owner of such invention or information shall be by suit against the United States in the Court of Claims or in the district court of the United States for the district in which such owner is a resident for reasonable and entire compensation for unauthorized use or disclosure. In any such suit the United States may avail itself of any and all defenses, general or special, that might be pleaded by any defendant in a like action.

(c) Before such suit against the United States has been instituted, the head of the

appropriate United States Government agency, which has furnished any assistance in furtherance of the purposes of this act, is authorized and empowered to enter into an agreement with the claimant, in full settlement and compromise of any claim against the United States hereunder.

(d) The provisions of the last sentence of section 1498 of title 28 of the United States Code shall apply to inventions and information covered by this section.

(e) Except as otherwise provided by law, no recovery shall be had for any infringement of a patent committed more than 6 years prior to the filing of the complaint or counterclaim for infringement in the action, except that the period between the date of receipt by the Government of a written claim under subsection (c) above for compensation for infringement of a patent and the date of mailing by the Government of a notice to the claimant that his claim has been denied shall not be counted as part of the 6 years, unless suit is brought before the last-mentioned date.

Sec. 507. Availability of funds: Except as otherwise provided in sections 104, 105, 405, and 413, funds shall be available to carry out the provisions of this act—other than sections 416 and 418—as authorized and appropriated to the President each fiscal year.

Sec. 508. Limitation on funds for propaganda: None of the funds herein authorized to be appropriated nor any counterpart funds shall be used to pay for personal services or printing, or for other expenses of the dissemination within the United States of general propaganda in support of the mutual security program, or to pay the travel or other expenses outside the United States of any citizen or group of citizens of the United States for the purpose of publicizing such program within the United States.

Sec. 509. Purchase of commodities: No funds made available under title II or chapter 3 of title I of this act shall be used for the purchase in bulk of any commodities at prices higher than the market price prevailing in the United States at the time of the purchase adjusted for differences in the cost of transportation to destination, quality, and terms of payment. A bulk purchase within the meaning of this section does not include the purchase of raw cotton in bales. Funds made available under title II or chapter 3 of title I of this act may be used for the procurement of commodities outside the United States unless the President determines that such procurement will result in adverse effects upon the economy of the United States, with special reference to any areas of labor surplus, or upon the industrial mobilization base, which outweigh the economic advantages to the United States of less costly procurement abroad. In providing for the procurement of any surplus agricultural commodity for transfer by grant under this act to any recipient nation in accordance with the requirements of such nation, the President shall, insofar as practicable and where in furtherance of the purposes of this act, authorize the procurement of such surplus agricultural commodity only within the United States except to the extent that any such surplus agricultural commodity is not available in the United States in sufficient quantities to supply the requirements of the nations receiving assistance under this act.

Sec. 510. Retention and return of equipment: (a) No equipment or materials may be transferred under title I out of military stocks if the Secretary of Defense, after consultation with the Joint Chiefs of Staff, determines that such transfer would be detrimental to the national security of the United States, or that such equipment or materials are needed by the reserve components of the Armed Forces to meet their training requirements.

(b) Any equipment, materials, or commodities procured to carry out this act shall be retained by, or, upon reimbursement,

transferred to and for the use of, such United States Government agency as the President may determine in lieu of being disposed of to a foreign nation or international organization whenever in the judgment of the President the best interests of the United States will be served thereby, or whenever such retention is called for by concurrent resolution. Any commodities so retained may be disposed of without regard to provisions of law relating to the disposal of Government-owned property, when necessary to prevent spoilage or wastage of such commodities or to conserve the usefulness thereof. Funds realized from any such disposal or transfer shall revert to the respective appropriation or appropriations out of which funds were expended for the procurement of such equipment, materials, or commodities or to appropriations currently available for such procurement.

(c) The President shall make appropriate arrangements with each nation receiving equipment or materials under chapter 1 of title I (other than equipment or materials sold under the provisions of sec. 107) for the return to the United States (1) for salvage or scrap, or (2) for such other disposition as the President shall deem to be in the interest of mutual security, of any such equipment or materials which are no longer required for the purposes for which originally made available.

Sec. 511. Penal provision: Whoever offers or gives to anyone who is or in the preceding 2 years has been an employee or officer of the United States any commission, payment, or gift, in connection with the procurement of equipment, materials, commodities, or services under this act in connection with which procurement said officer, employee, former officer, or former employee is or was employed or performed duty or took any action during such employment, and whoever, being or having been an employee or officer of the United States in the preceding 2 years, solicits, accepts, or offers to accept any commission, payment, or gift in connection with the procurement of equipment, materials, commodities, or services under this act in connection with which procurement said officer, employee, former officer, or former employee is or was employed or performed duty or took any action during such employment, shall upon conviction thereof be subject to a fine of not to exceed \$10,000 or imprisonment for not to exceed 3 years, or both: *Provided*, That this section shall not apply to persons appointed pursuant to sections 307 or 530 (a) of this act.

Sec. 512. Notice to legislative committees: When any transfer is made under section 106 (d) or section 501, or any other action is taken under this act which will result in furnishing assistance of a kind, for a purpose, or to an area, substantially different from that included in the presentation to the Congress during its consideration of this act, or which will result in expenditures greater by 50 percent or more than the proposed expenditures included in such presentation for the program or project concerned, the President or such officer as he may designate shall promptly notify the Committee on Foreign Relations of the Senate, the Committee on Foreign Affairs of the House of Representatives and, when military assistance is involved, the Committees on Armed Services of the Senate and House of Representatives, stating the justification for such change. Notice shall also be given to the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives of any determination under the first sentence of section 401 (except with respect to unvouchered funds), and copies of any certification as to loyalty under section 531 shall be filed with such committees.

CHAPTER 2. ORGANIZATION AND ADMINISTRATION

Sec. 521. Delegation of authority by the President: The President may exercise any

power or authority conferred on him by this act through such agency or officer of the United States as he shall direct, and the head of such agency or such officer may from time to time promulgate such rules and regulations as may be necessary and proper to carry out functions under this act and may delegate authority to perform any of such functions to his subordinates acting under his direction.

Sec. 522. Allocation and reimbursement among agencies: (a) The President may allocate or transfer to any United States Government agency any part of any funds available for carrying out the purposes of this act, including any advance to the United States by any nation or international organization for the procurement of equipment or materials or services. Such funds shall be available for obligation and expenditure for the purposes for which authorized, in accordance with authority granted in this act or under authority governing the activities of the Government agencies to which such funds are allocated or transferred. Funds allocated to the Department of Defense shall be governed by the procedures of subsection (c) of this section.

(b) Any officer of the United States performing functions under this act may utilize the services and facilities of, or procure commodities from, any United States Government agency as the President shall direct, or with the consent of the head of such agency, and funds allocated pursuant to this subsection to any such agency may be established in separate appropriation accounts on the books of the Treasury.

(c) Reimbursement shall be made to any United States Government agency, from funds available to carry out chapter 1 of title I of this act, for any assistance furnished under that chapter from, by, or through such agency. Such reimbursement shall be in an amount equal to the value (as defined in section 545) of the equipment and materials, services (other than salaries of members of the Armed Forces of the United States), or other assistance furnished, plus expenses arising from or incident to operations under that chapter. The amount of any such reimbursement shall be credited as reimbursable receipts to current applicable appropriations, funds, or accounts of such agency and shall be available for, and under the authority applicable to, the purposes for which such appropriations, funds, or accounts are authorized to be used, including the procurement of equipment and materials or services, required by such agency, in the same general category as those furnished by it or authorized to be procured by it and expenses arising from and incident to such procurement.

(d) In the case of any commodity, service, or facility procured from any United States Government agency under any provision of this act other than chapter 1 of title I, reimbursement or payment shall be made to such agency from funds available to carry out such provision. Such reimbursement or payment shall be at replacement cost, or, if required by law, at actual cost, or at any other price authorized by law and agreed to by the owning or disposal agency. The amount of any such reimbursement or payment shall be credited to current applicable appropriations, funds, or accounts from which there may be procured replacements of similar commodities, services, or facilities, except that where such appropriations, funds, or accounts are not reimbursable except by reason of this subsection, and when the owning agency determines that such replacement is not necessary, any funds received in payment therefor shall be covered into the Treasury as miscellaneous receipts.

(e) In furnishing assistance under this act accounts may be established on the books of any United States Government agency or, on terms and conditions approved by the Secretary of the Treasury, in banking institutions

in the United States, against which (1) letters of commitment may be issued which shall constitute obligations of the United States, and moneys due or to become due under such letters of commitment shall be assignable under the Assignment of Claims Act of 1940, as amended, and (ii) withdrawals may be made by recipient nations or agencies, organizations or persons upon presentation of contracts, invoices, or other appropriate documentation. Expenditure of funds which have been made available through accounts so established shall be accounted for on standard documentation required for expenditure of Government funds: *Provided*, That such expenditures for commodities or services procured outside the continental limits of the United States may be accounted for exclusively on such certification as may be prescribed in regulations approved by the Comptroller General of the United States.

SEC. 523. Coordination with foreign policy: (a) Nothing contained in this act shall be construed to infringe upon the powers or functions of the Secretary of State.

(b) The President shall prescribe appropriate procedures to assure coordination among representatives of the United States Government in each country, under the leadership of the Chief of the United States Diplomatic Mission.

SEC. 524. The Secretary of Defense: (a) In the case of aid under chapter 1 of title I of this act, the Secretary of Defense shall have primary responsibility for—

(1) the determination of military end-item requirements;

(2) the procurement of military equipment in a manner which permits its integration with service programs;

(3) the supervision of end-item use by the recipient countries;

(4) the supervision of the training of foreign military personnel;

(5) the movement and delivery of military end items; and

(6) within the Department of Defense, the performance of any other functions with respect to the furnishing of military assistance.

(b) The establishment of priorities in the procurement, delivery, and allocation of military equipment shall be determined by the Secretary of Defense. The determination of the value of the program for any country under chapter 1 of title I shall be made by the President.

SEC. 525. Foreign Operations Administration: Except as modified pursuant to this section or section 521, the Director of the Foreign Operations Administration (referred to in this chapter as the "Director") shall continue to perform the functions vested in him on the effective date of this act, except insofar as such functions relate to continuous supervision and general direction of programs of military assistance. The President may transfer to any agency or officer of the United States, and may modify or abolish, any function, office, or entity of the Foreign Operations Administration or any officer or employee thereof, and may transfer such personnel, property, records, and funds as may be necessary incident thereto.

SEC. 526. Missions and staffs abroad: The President may maintain special missions or staffs abroad in such nations and for such periods of time as may be necessary to carry out this act. Each such special mission or staff shall be under the direction of a chief. The chief and his deputy shall be appointed by the President and may, notwithstanding any other law, be removed by the President at his discretion. The chief shall be entitled to receive (1) in cases approved by the President, the same compensation and allowances as a chief of mission, class 3, or a chief of mission, class 4, within the meaning of the Foreign Service Act of 1946 (22 U. S. C. 801), or (2) compensation and allowances in ac-

cordance with section 527 (c) of this act, as the President shall determine to be appropriate.

SEC. 527. Employment of personnel: (a) Any United States Government agency performing functions under this act is authorized to employ such personnel as the President deems necessary to carry out the provisions and purposes of this act.

(b) Of the personnel employed in the United States on programs authorized by this act, not to exceed 60 may be compensated without regard to the provisions of the Classification Act of 1949, as amended, of whom not to exceed 35 may be compensated at rates higher than those provided for grade 15 of the general schedule established by the Classification Act of 1949, as amended, and of these, not to exceed 15 may be compensated at a rate in excess of the highest rate provided for grades of such general schedule but not in excess of \$15,000 per annum. Such positions shall be in addition to those authorized by law to be filled by Presidential appointment, and in addition to the number authorized by section 505 of the Classification Act of 1949, as amended.

(c) For the purpose of performing functions under this act outside the continental limits of the United States, the Director may—

(1) employ or assign persons, or authorize the employment or assignment of officers or employees of other United States Government agencies, who shall receive compensation at any of the rates provided for the Foreign Service Reserve and Staff by the Foreign Service Act of 1946, as amended (22 U. S. C. 801), together with allowances and benefits established thereunder including, in all cases, post differentials prescribed under section 443 of the Foreign Service Act; and persons so employed or assigned shall be entitled to the same benefits as are provided by section 528 of the Foreign Service Act for persons appointed to the Foreign Service Reserve; and

(2) utilize such authority, including authority to appoint and assign personnel for the duration of operations under this act, contained in the Foreign Service Act of 1946, as amended (22 U. S. C. 801), as the President deems necessary to carry out functions under this act. Such provisions of the Foreign Service Act as the President deems appropriate shall apply to personnel appointed or assigned under this paragraph, including, in all cases, the provisions of sections 443 and 528 of that act.

(d) For the purpose of performing functions under this act outside the continental limits of the United States, the Secretary of State may, at the request of the Director, appoint for the duration of operations under this act alien clerks and employees in accordance with applicable provisions of the Foreign Service Act of 1946, as amended (22 U. S. C. 801).

SEC. 528. Detail of personnel to foreign governments: (a) Whenever the President determines it to be consistent with and in furtherance of the purposes of this act, the head of any United States Government agency is authorized to detail or assign any officer or employee of his agency to any office or position to which no compensation is attached with any foreign government or foreign government agency: *Provided*, That such acceptance of office shall in no case involve the taking of an oath of allegiance to another government.

(b) Any such officer or employee, while so assigned or detailed, shall be considered, for the purpose of preserving his privileges, rights, seniority, or other benefits as such, an officer or employee of the Government of the United States and of the Government agency from which assigned or detailed, and he shall continue to receive compensation, allowances, and benefits from funds available to that agency or made available to that

agency out of funds authorized under this act.

SEC. 529. Detail of personnel to international organizations: (a) Whenever the President determines it to be consistent with and in furtherance of the purposes of this act, the head of any United States Government agency is authorized to detail, assign, or otherwise make available to any international organization any officer or employee of his agency to serve with or as a member of the international staff of such organization, or to render any technical, scientific or professional advice or service to or in cooperation with such organization.

(b) Any such officer or employee, while so assigned or detailed, shall be considered, for the purpose of preserving his allowances, privileges, rights, seniority, and other benefits as such, an officer or employee of the Government of the United States and of the Government agency from which detailed or assigned, and he shall continue to receive compensation, allowances, and benefits from funds available to that agency or made available to that agency out of funds authorized under this act. He may also receive, under such regulations as the President may prescribe, representation allowances similar to those allowed under section 901 of the Foreign Service Act of 1946, as amended (22 U. S. C. 801). The authorization of such allowances and other benefits and the payment thereof out of any appropriations available therefor shall be considered as meeting all the requirements of section 1765 of the Revised Statutes.

(c) Details or assignments may be made under this section—

(1) without reimbursement to the United States by the international organization;

(2) upon agreement by the international organization to reimburse the United States for compensation, travel expenses, and allowances, or any part thereof, payable to such officer or employee during the period of assignment or detail in accordance with subsection (b) of this section; and such reimbursement shall be credited to the appropriation, fund, or account utilized for paying such compensation, travel expenses, or allowances, or to the appropriation, fund, or account currently available for such purposes;

(3) upon an advance of funds, property, or services to the United States accepted with the approval of the President for specified uses in furtherance of the purposes of this act; and funds so advanced may be established as a separate fund in the Treasury of the United States, to be available for the specified uses, and to be used for reimbursement of appropriations or direct expenditure subject to the provisions of this act, any unexpended balance of such account to be returned to the international organization; or

(4) subject to the receipt by the United States of a credit to be applied against the payment by the United States of its share of the expenses of the international organization to which the officer or employee is detailed, such credit to be based upon the compensation, travel expenses, and allowances, or any part thereof, payable to such officer or employee during the period of assignment or detail in accordance with subsection (b) of this section.

SEC. 530. Experts and consultants or organizations thereof: (a) Experts and consultants or organizations thereof, as authorized by section 15 of the act of August 2, 1946 (5 U. S. C. 55a), may be employed by any United States Government agency for the performance of functions under this act, and individuals so employed may be compensated at rates not in excess of \$75 per diem, and while away from their homes or regular place of business, they may be paid actual travel expenses and per diem in lieu of subsistence and other expenses at a rate not to exceed \$10 while so employed within the continental limits of the United States and

at the applicable rate prescribed in the Standardized Government Travel Regulations (Foreign areas) while so employed outside the continental limits of the United States.

(b) Persons of outstanding experience and ability may be employed without compensation by any United States Government agency for the performance of functions under this act in accordance with the provisions of section 710 (b) of the Defense Production Act of 1950, as amended (50 U. S. C. App. 2160), and regulations issued thereunder.

SEC. 531. Security clearance: No citizen or resident of the United States may be employed, or if already employed, may be assigned to duties by the Director under this act for a period to exceed 3 months unless—

(a) such individual has been investigated as to loyalty and security by the Civil Service Commission, or by the Federal Bureau of Investigation in the case of specific positions which have been certified by the Director as being of a high degree of importance or sensitivity or in case the Civil Service Commission investigation develops data reflecting that the individual is of questionable loyalty, and a report thereon has been made to the Director, and until the Director has certified in writing (and filed copies thereof with the Senate Committee on Foreign Relations and the House Committee on Foreign Affairs) that, after full consideration of such report, he believes such individual is loyal to the United States, its Constitution, and form of government, and is not now and has never knowingly been a member of any organization advocating contrary views; or

(b) such individual has been investigated by a military intelligence agency and the Secretary of Defense has certified in writing that he believes such individual is loyal to the United States and filed copies thereof with the Senate Committee on Foreign Relations and the House Committee on Foreign Affairs.

This section shall not apply in the case of any officer appointed by the President by and with the advice and consent of the Senate, nor shall it apply in the case of any person already employed under programs covered by this act who has been previously investigated in connection with such employment.

SEC. 532. Exemption of personnel from certain Federal laws: (a) Service of an individual as a member of the Board established pursuant to section 307 of this act or as an expert or consultant under section 530 (a) shall not be considered as service or employment bringing such individual within the provisions of title 18, U. S. C., sections 281, 283 or 284, or of section 190 of the Revised Statutes (5 U. S. C. 99), or of any other Federal law imposing restrictions, requirements, or penalties in relation to the employment of persons, the performance of services, or the payment or receipt of compensation in connection with any claim, proceeding, or matter involving the United States, except insofar as such provisions of law may prohibit any such individual from receiving compensation in respect of any particular matter in which such individual was directly involved in the performance of such service; nor shall such service be considered as employment or holding of office or position bringing such individual within the provisions of section 6 of the act of May 22, 1920, as amended (5 U. S. C. 715), section 212 of the act of June 30, 1932, as amended (5 U. S. C. 59a), or any other Federal law limiting the reemployment of retired officers or employees or governing the simultaneous receipt of compensation and retired pay or annuities.

(b) Notwithstanding section 2 of the act of July 31, 1894 (5 U. S. C. 62), which prohibits certain retired officers from holding certain office, any retired officer of any of

the services mentioned in the Career Compensation Act of 1949 may hold any office or appointment under this act or the Mutual Defense Assistance Control Act of 1951, but the compensation of any such retired officer shall be subject to the provisions of the act of June 30, 1932 (5 U. S. C. 59a), which does not permit retired pay to be added to the compensation received as a civilian officer.

SEC. 533. Waivers of certain Federal laws: Whenever the President determines it to be in furtherance of purposes declared in this act, the functions authorized under this act may be performed without regard to such provisions of law regulating the making, performance, amendment, or modification of contracts and the expenditure of Government funds as the President may specify.

SEC. 534. Reports: The President, from time to time while funds appropriated for the purpose of this act continue to be available for obligation, shall transmit to the Congress reports covering each 6 months of operations, in furtherance of the purposes of this act, except information the disclosure of which he deems incompatible with the security of the United States. Reports provided for under this section shall be transmitted to the Secretary of the Senate or the Clerk of the House of Representatives, as the case may be, if the Senate or the House of Representatives, as the case may be, is not in session. Such reports shall include detailed information on the implementation of sections 504 and 414 (b) of this act.

SEC. 535. Cooperation with international organizations: (a) The President is authorized to request the cooperation of or the use of the services and facilities of the United Nations, its organs and specialized agencies, or other international organizations, in carrying out the purposes of this act, and may make payments by advancements or reimbursements, for such purposes, out of funds made available for the purposes of this act, as may be necessary therefor, to the extent that special compensation is usually required for such services and facilities: *Provided*, That nothing in this section shall be construed to authorize the delegation to any international or foreign organization or agency of authority to decide the method of furnishing assistance under this act to any country or the amount thereof.

(b) Whenever the President determines it to be in furtherance of the purposes of this act, United States Government agencies, on request of international organizations, are authorized to furnish supplies, materials, and services, on an advance of funds or reimbursement basis, to such organizations. Such advances or reimbursements may be credited to the current applicable appropriation or fund of the agency concerned and shall be available for the purposes for which such appropriations and funds are authorized to be used.

CHAPTER 3. REPEAL AND MISCELLANEOUS PROVISIONS

SEC. 541. Effective date: This act shall take effect on July 1, 1954.

SEC. 542. Statutes repealed: (a) There are hereby repealed—

(1) an act to provide for assistance to Greece and Turkey, approved May 22, 1947, as amended;

(2) the joint resolution to provide for relief assistance to the people of countries devastated by war, approved May 31, 1947, as amended;

(3) the Foreign Aid Act of 1947;

(4) the Foreign Assistance Act of 1948, as amended; including the Economic Cooperation Act of 1948, as amended, the International Children's Emergency Fund Assistance Act of 1948, as amended, the Greek-Turkish Assistance Act of 1948, and the China Aid Act of 1948, as amended;

(5) the Mutual Defense Assistance Act of 1949, as amended;

(6) the Foreign Economic Assistance Act of 1950, as amended; including the Economic Cooperation Act of 1950, the China Area Aid Act of 1950, as amended, the United Nations Palestine Refugee Aid Act of 1950, and the Act for International Development, as amended;

(7) the Far Eastern Economic Assistance Act of 1950, as amended;

(8) the Yugoslav Emergency Relief Assistance Act of 1950;

(9) the Mutual Security Act of 1951, as amended;

(10) the Mutual Security Act of 1952;

(11) the Mutual Security Act of 1953;

(12) section 12 of the joint resolution of Congress approved November 4, 1939 (54 Stat. 10; 22 U. S. C. 452);

(13) section 4 of the act of March 3, 1925 (50 Stat. 887; 50 U. S. C. 165); and

(14) section 968 of title 18, United States Code.

(b) References in other acts to the acts listed in subsection (a) shall hereafter be considered to be references to the appropriate provisions of this act.

(c) The repeal of the acts listed in subsection (a) shall not be deemed to affect amendments contained in such acts to acts not named in subsection (a).

SEC. 543. Saving provisions:

(a) Except as may be expressly provided to the contrary in this act, all determinations, authorizations, regulations, orders, contracts, agreements, and other actions issued, undertaken or entered into under authority of any provision of law repealed by section 542 shall continue in full force and effect until modified by appropriate authority.

(b) Where provisions of this act establish conditions which must be complied with before use may be made of authority contained in or funds authorized by this act, compliance with substantially similar conditions under acts named in section 542 shall be deemed to constitute compliance with the conditions established by this act.

(c) No person in the service or employment of the United States or otherwise performing functions under an act repealed by section 542 or under section 408 shall be required to be reappointed or reemployed by reason of the entry into force of this act, except that appointments made pursuant to section 110 (a) (2) of the Economic Cooperation Act of 1948, as amended, shall be converted to appointments under section 527 (c) of this act.

SEC. 544. Amendments to other laws: (a) Title X of the United States Information and Educational Exchange Act of 1948, as amended (22 U. S. C. 1431), is amended by adding the following new section:

"Informational media guaranties

"SEC. 1011. The Director of the United States Information Agency may make guaranties, in accordance with the provisions of subsection (b) of section 414 of the Mutual Security Act of 1954, of investments in enterprises producing or distributing informational media consistent with the national interests of the United States against funds heretofore made available by notes issued to the Secretary of the Treasury pursuant to section 111 (c) (2) of the Economic Cooperation Act of 1948, as amended, for purposes of guaranties of investments: *Provided*, however, That the amount of such guaranties in any fiscal year shall be determined by the President but shall not exceed \$10,000,000."

(b) Section 1 of Public Law 283, 81st Congress, is repealed. The Institute of Inter-American Affairs, created pursuant to Public Law 369, 80th Congress (22 U. S. C. 281), shall have succession until June 30, 1960, and may make contracts for periods not to exceed 5 years: *Provided*, That any contract extending beyond June 30, 1960, shall be

made subject to termination by the said Institute upon notice: *And provided further*, That the said Institute shall, on and after July 1, 1954, be subject to the applicable provisions of the Budget and Accounting Act, 1921, as amended (31 U. S. C. 1), in lieu of the provisions of the Government Corporation Control Act, as amended (31 U. S. C. 841).

Sec. 545. Definitions: For the purposes of this act—

(a) The term "commodity" includes any commodity, material, article, supply, or goods.

(b) The term "surplus agricultural commodity" means any agricultural commodity or product thereof, class, kind, type, or other specification thereof, produced in the United States either publicly or privately owned, which is in excess of domestic requirements, adequate carryover, and anticipated exports for dollars, as determined by the Secretary of Agriculture.

(c) The terms "equipment" and "materials" shall mean any arms, ammunition, or implements of war, or any other type of material, article, raw material, facility, tool, machine, supply or item that would further the purpose of chapter 1 of title I, or any component or part thereof, used or required for use in connection therewith, or required in or for the manufacture, production, processing, storage, transportation, repair, or rehabilitation of any equipment or materials, but shall not include merchant vessels.

(d) The term "mobilization reserve," as used with respect to any equipment or materials, means the quantity of such equipment or materials determined by the Secretary of Defense under regulations prescribed by the President to be required to support mobilization of the Armed Forces of the United States in the event of war or national emergency until such time as adequate additional quantities of such equipment or materials can be procured.

(e) The term "excess," as used with respect to any equipment or materials, means the quantity of such equipment or materials, owned by the United States which is in excess of the mobilization reserve of such equipment or materials.

(f) The term "services" shall include any service, repair, training of personnel, or technical or other assistance or information necessary to effectuate the purposes of this act.

(g) The term "Armed Forces of the United States" shall include any component of the Army of the United States, of the United States Navy, of the United States Marine Corps, of the Air Force of the United States, of the United States Coast Guard, and the Reserve components thereof.

(h) The term "value" means—

(1) with respect to any excess equipment or materials furnished under chapter 1 of title I, the gross cost of repairing, rehabilitating, or modifying such equipment or materials prior to being so furnished;

(2) with respect to any nonexcess equipment or materials furnished under chapter 1 of title I which are taken from the mobilization reserve (other than equipment or materials referred to in paragraph (3) of this subsection), the actual or the projected (computed as accurately as practicable) cost of procuring for the mobilization reserve an equal quantity of such equipment or materials or an equivalent quantity of equipment or materials of the same general type but deemed to be more desirable for inclusion in the mobilization reserve than the equipment or materials furnished;

(3) with respect to any nonexcess equipment or materials furnished under chapter 1 of title I which are taken from the mobilization reserve but with respect to which the Secretary of Defense has certified that

it is not necessary fully to replace such equipment or materials in the mobilization reserve, the gross cost to the United States of such equipment and materials or its replacement cost, whichever the Secretary of Defense may specify; and

(4) with respect to any equipment or materials furnished under chapter 1 of title I which are procured for the purpose of being so furnished, the gross cost to the United States of such equipment and materials.

In determining the gross cost incurred by any agency in repairing, rehabilitating, or modifying any excess equipment furnished under chapter 1 of title I all parts, accessories, or other materials used in the course of repair, rehabilitation, or modification shall be priced in accordance with the current standard pricing policies of such agency. For the purpose of this subsection, the gross cost of any equipment or materials taken from the mobilization reserve means either the actual gross cost to the United States of that particular equipment or materials or the estimated gross cost to the United States of that particular equipment or materials obtained by multiplying the number of units of such particular equipment or materials by the average gross cost of each unit of that equipment and materials owned by the furnishing agency.

(i) The term "United States Government agency" means any department, agency, board, wholly or partly owned corporation, or instrumentality, commission, or establishment of the United States Government.

Sec. 546. Construction: (a) If any provision of this act or the application of any provision to any circumstances or persons shall be held invalid, the validity of the remainder of the act and applicability of such provision to other circumstances or persons shall not be affected thereby.

(b) Nothing in this act shall alter, amend, revoke, repeal, or otherwise affect the provisions of the Atomic Energy Act of 1946, as amended (42 U. S. C. 1801).

(c) Nothing in this act is intended nor shall it be construed as an expressed or implied commitment to provide any specific assistance, whether of funds, commodities, or services, to any nation or nations, or to any international organization.

Mr. HALLECK. Mr. Chairman, I ask unanimous consent that all debate on the bill and all amendments thereto close in 20 minutes.

Mr. GROSS. I object, Mr. Chairman.

Mr. HALLECK. Mr. Chairman, I move that all debate on the bill and all amendments thereto close in 20 minutes.

The motion was agreed to.

Mr. VORYS. Mr. Chairman, I move that the Committee do now arise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. BROWN, of Ohio, Chairman of the Committee on the Whole House on the State of the Union, reported that this Committee, having had under consideration the bill (H. R. 9678) to promote the security and foreign policy of the United States by furnishing assistance to friendly nations, and for other purposes, had come to no resolution thereon.

SPECIAL ORDER GRANTED

Mr. JACKSON asked and was given permission to address the House for 30 minutes on Tuesday next, following the legislative program and any special orders heretofore entered.

COMMITTEE ON THE JUDICIARY

Mr. REED of Illinois. Mr. Speaker, I ask unanimous consent that the Committee on the Judiciary may meet tomorrow during general debate during the session of the House.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. Carrell, one of its clerks, announced that the Senate agrees to the report of the committee on conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 9517) entitled "An act making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending June 30, 1955, and for other purposes."

The message also announced that the Senate agrees to House amendments to Senate amendments Nos. 15 and 20 to the foregoing bill.

COMMITTEE ON MERCHANT MARINE AND FISHERIES

Mr. TOLLEFSON. Mr. Speaker, I ask unanimous consent that the Committee on Merchant Marine and Fisheries be permitted to sit during general debate during the session of the House tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

AGRICULTURAL ACT OF 1954

Mr. HALLECK, by direction of the Committee on Rules, reported the following privileged resolution (H. Res. 604, Rept. No. 2002), which was referred to the House Calendar and ordered to be printed.

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 9680) to provide for continued price support for agricultural products; to augment the marketing and disposal of such products; to provide for greater stability in the products of agriculture; and for other purposes, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill and continue not to exceed 4 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Agriculture, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued July 1, 1954
For actions of June 30, 1954
83rd-2nd, No. 121

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HIGHLIGHTS: Both Houses agreed to conference report on surplus commodities bill. House debated farm program bill. House passed foreign aid bill. House committee approved \$20 million item for USDA flood control. Both Houses agreed to conference reports on Labor-HEW and State, Justice, Commerce appropriation bills. House passed temporary appropriations continuation measure. Senate debated tax revision bill. Sen. Aiken and Rep. Wolcott introduced bills to increase CCC borrowing power.

HOUSE

1. SURPLUS COMMODITIES. Both Houses agreed to the conference report on S. 2475, to provide various methods for disposal of surplus commodities (pp. 8878, 8804). This bill will now be sent to the President.
2. FARM PROGRAM. Began and concluded general debate on H. R. 9680, to provide for continued price support for agricultural products, to augment the marketing and disposal of such products, to provide for greater stability in the products of agriculture, etc. The bill will be read for amendment beginning today. (pp. 8896-946.)
3. FOREIGN AID. Passed, 260-126, with amendments H. R. 9678, to authorize foreign aid appropriations for 1955 (pp. 8878-94). Agreed to an amendment by Rep. Tollefson requiring that at least 50% of the commodities exported under the bill be carried in American-flag vessels (pp. 8879-85).
4. APPROPRIATIONS. Both Houses agreed to conference reports on the following bills and completed congressional action so that they are ready for Presidential action: H. R. 9203, Legislative-Judiciary bill (pp. 8873-4, 8802-3). H. R. 9447, Labor-HEW bill (pp. 8874-5, 8800-1). H. R. 8067, State, Justice, Commerce bill (pp. 8875-8, 8801). The House concurred in the Senate amendments to

-2-

provide \$16,000,000 for a census of agriculture and to provide a position as Assistant Secretary of Commerce in lieu of an Administrative Assistant Secretary (p. 8877).

Passed without amendment H. J. Res. 552, to continue appropriations for foreign aid and various other activities pending enactment of regular appropriations. This measure had been reported by the Appropriations Committee earlier in the day (H. Rept. 2008). (pp. 8949, 8944-5.)

5. FLOOD CONTROL. During consideration of a proposed omnibus flood-control bill, Public Works Committee approved an authorization item of \$20 million for the work of this Department on watersheds (p. D763).

SENATE

6. TAXATION. Continued debate on H. R. 8300, the general tax revision bill (pp. 8813-65, 8868-9).
7. INSECT AND PLANT-DISEASE CONTROL. Received from this Department a proposed bill to authorize cooperation with Mexico and Canada in the control of incipient or emergency outbreaks of insect pests or plant diseases in those countries; to Agriculture and Forestry Committee (p. 8804).
8. TRADE AGREEMENTS. Received from the Tariff Commission a report on the operation of the trade agreements program; to Finance Committee (p. 8804).
9. PROPERTY. A Government Operations subcommittee voted to recommend to the full committee approval of H. R. 5605, to amend the Federal Property and Administrative Services Act to provide that transfers of real property from certain Government corporations to other Government agencies shall not operate to remove such real property from local tax rolls (p. D760).
10. RETIREMENT. Sen. Morse inserted a National Association of Retired Civil Employees of Eugene, Oreg., resolution favoring H. R. 8894, to provide that annuity increases be placed on a permanent basis (p. 8870).
11. PRICE SUPPORTS. Sen. Morse inserted a Riverview Farmers' Union, Oreg., resolution favoring continuation of rigid price supports (p. 8871).
12. FLOOD CONTROL. Sen. Morse inserted a Coos County, Oreg., Farm Bureau resolution favoring the Coquille River flood-control project as an aid to irrigation and watershed development (p. 8871).

BILLS INTRODUCED

13. COMMODITY CREDIT CORPORATION. S. 3686, by Sen. Aiken, and H. R. 9756, by Rep. Wolcott, to increase the borrowing authority of CCC by \$1½ billion additional to Senate Agriculture and Forestry Committee and House Banking and Currency Committee (pp. 8805, 8949).
14. SURPLUS COMMODITIES. H. R. 9752, by Rep. Knox, to provide supplementary benefits for recipients of public assistance under Social Security Act programs through the issuance of certificates to be used to obtain surplus agricultural commodities; to Agriculture Committee (p. 8949). Remarks of author (pp. A4758-9).
15. ELECTRIFICATION. H. R. 9751, by Rep. Rhodes, Ariz., to authorize Interior to sell certain Parker-Davis transmission facilities; to Interior and Insular Affairs Committee (p. 8949).

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 25: Page 27, line 15, insert:

"Census of agriculture: For expenses necessary for taking, compiling, and publishing the 1954 Census of Agriculture, as authorized by law, including personal services by contract or otherwise at rates to be fixed by the Secretary of Commerce without regard to the Classification Act of 1949, as amended; and additional compensation of Federal employees temporarily detailed for field work under this appropriation: \$16,000,000, to become immediately available and to remain available until December 31, 1959 (13 U. S. C. 216, as amended by 66 Stat. 736)."

Mr. CLEVINGER. Mr. Speaker, I move that the House recede and concur in the Senate amendment.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 40: Page 43, line 12, insert "": *Provided*, That no part of this appropriation shall be allocated for expenditure in a particular country unless such allocation shall have been submitted to and received by the Senate and House Appropriations Committees 30 days in advance of the allocation."

Mr. CLEVINGER. Mr. Speaker, I move that the House recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. CLEVINGER moves that the House recede from its disagreement to the amendment of the Senate numbered 40, and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment insert "": *Provided*, That no part of this appropriation shall be allocated for expenditures in a particular country except with the approval of the President and a report to the Appropriations Committees of the House and Senate."

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 43: Page 47, line 23, insert:

"SEC. 304. There shall be hereafter in the Department of Commerce, in addition to the Assistant Secretaries now provided for by law, one additional Assistant Secretary of Commerce, who shall be appointed by the President by and with the advice and consent of the Senate, and who shall be subject in all respects to the provisions of the act of July 15, 1947 (61 Stat. 326), as amended (5 U. S. C. 592a), relating to Assistant Secretaries of Commerce. Section 3 of Reorganization Plan No. 5 of 1950, as amended (64 Stat. 1263; 66 Stat. 121), is hereby repealed."

Mr. CLEVINGER. Mr. Speaker, I move that the House recede and concur in the Senate amendment.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 47: Page 51, line 19, insert "of which \$3,200,000 shall be derived by transfer from the unobligated balance in the account 'International Information Activities, United States Information Agency.'"

Mr. CLEVINGER. Mr. Speaker, I move that the House recede and concur in the Senate amendment.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

Senate amendment No. 49: Page 51, line 25, insert "and of which not less than \$300,000 shall be available for contracts with one or more private international broadcasting licensees for the purpose of developing and broadcasting under private auspices, but under the general supervision of the United States Information Agency, radio programs to Latin America, Western Europe, as well as other areas of the free world, which programs shall be designed to cultivate friendships with the peoples of the countries of those areas, and to build improved international understanding."

Mr. CLEVINGER. Mr. Speaker, I move that the House recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. CLEVINGER moves that the House recede from its disagreement to the amendment of the Senate numbered 49, and concur therein with an amendment as follows: In lieu of the sum named in said amendment insert "\$200,000."

The motion was agreed to.

A motion to reconsider the votes by which action was taken on the several motions was laid on the table.

(Mr. CLEVINGER asked and was given permission to revise and extend his remarks at this point in the RECORD.)

[Mr. CLEVINGER addressed the House. His remarks will appear hereafter in the Appendix.]

(Mr. WAINWRIGHT asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. WAINWRIGHT. Mr. Speaker, the Secretary of State's Public Committee on Personnel, appointed in March of 1954, recommended measures for increasing the effectiveness of the Department's career personnel.

The keystone recommendation was to combine into one Foreign Service officer corps the personnel now engaged in foreign service work above the clerical level both at home and abroad but heretofore organized in 3 separate groups under 3 separate administrative systems, namely, the Civil Service, the Foreign Service officer corps, and the Foreign Service staff.

This proposed integration will provide the following highly desirable advantages for the efficiency of the State Department:

(a) Elimination of the compartments into which a group doing the same kind of work is now divided and the substitution of a single administrative and personnel system in place of separate systems having separate legislative bases and separate rules for recruitment, training, promotion, and retirement. This combination will eliminate various invidious disparities between the systems.

(b) Substantial increase in the flexibility of the Foreign Service. With all of the officers at home and abroad in a

single Foreign Service obliged to serve when required anywhere in the world, full use can be made wherever needed of all the various abilities and qualifications.

(c) Facilitation of periodic rotation of Foreign Service officers to service in the United States. At the present time only 119 out of 1,285 Foreign Service officers are on duty in the State Department in Washington. This means that Foreign Service officers seldom have home duty and become unfamiliar with trends and developments in the United States. After the integration program has been put into effect, there will be some 1,400 positions for Foreign Service officers in the State Department so that the normal career of a Foreign Service officer will consist of alternating tours of duty of 4 years in the United States and 6 years in the foreign field.

The integration program can be carried out under the provisions of section 517 of the Foreign Service Act of 1946 which provides for and encourages lateral entry into the Foreign Service officer corps of individuals who have served not less than 3 years in the State Department; that is, either as civil-service employees or Foreign Service staff employees. However, this legislative provision requires an individual who comes into the Foreign Service officer corps by lateral entry to start at the lowest pay of the Foreign Service officer class to which he is admitted. This causes unreasonable hardship in that such an individual may have to accept a reduction of pay which may amount to as much as nearly \$2,000.

The proposed amendment to the appropriations bill has only the purpose of eliminating this hardship which would naturally serve to discourage civil service or Foreign Service staff people from lateral entry into the Foreign Service officer corps which is greatly desired by the Secretary in order to carry out this highly important integration program.

The proposed amendment does not permit admittance to the Foreign Service officer corps of any people from outside the Government service. In fact, lateral entrants must, under the Foreign Service Act of 1946, have served at least 3 years in the State Department.

The reason why this action was sought in the form of an amendment to the appropriations bill rather than as an item of enabling legislation was that the public committee's report was only recently available to and approved by the Secretary.

The proposed amendment to the appropriations bill for the fiscal year 1955 was sought in the circumstances described above in order to take care of the situation during that fiscal year. The Secretary of State proposes to request the legislative committees to enact an appropriate amendment to the Foreign Service Act of 1946 to take care of this situation for fiscal years subsequent to 1955.

I feel that its being left out is unfortunate, but not irreparable. The Department, under the guidance of its

new, fine Under Secretary, Charles Saltzman has a chance to revitalize itself.

PERSONAL ANNOUNCEMENT

The SPEAKER. The Chair recognizes the gentleman from Alabama [Mr. ROBERTS].

Mr. ROBERTS. Mr. Speaker, yesterday when the House voted on the Guatemala resolution, Senate Concurrent Resolution 91, I was necessarily absent because I had to be at the hospital for treatment. Had I been present, I would have voted "yea."

REPUBLIC OF THE PHILIPPINES

Mr. ALLEN of Illinois submitted the following conference report and statement on the joint resolution (S. J. Res. 72) to authorize the Secretary of Commerce to sell certain vessels to citizens of the Republic of the Philippines; to provide for the rehabilitation of the inter-island commerce of the Philippines, and for other purposes:

CONFERENCE REPORT (H. REPT. No. 2003)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the resolution (S. J. Res. 72) to authorize the Secretary of Commerce to sell certain vessels to citizens of the Republic of the Philippines; to provide for the rehabilitation of the interisland commerce of the Philippines, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendments of the House and agree to the same.

JOHN J. ALLEN, Jr.
HORACE SEELY-BROWN, Jr.
TIMOTHY P. SHEEHAN,
HERBERT C. BONNER,
EDWARD A. GARMATZ,

Managers on the Part of the House.

JOHN M. BUTLER,
CHARLES E. POTTER,
FREDERICK G. PAYNE,
WARREN G. MAGNUSON,
GEORGE A. SMATHERS,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the House to the resolution (S. J. Res. 72) to authorize the Secretary of Commerce to sell certain vessels to citizens of the Republic of the Philippines; to provide for the rehabilitation of the interisland commerce of the Philippines, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

Senate Joint Resolution 72 as passed by the Senate provided for the sale of eight specified ships to citizens of the Republic of the Philippines. As amended by the House, the resolution substituted therefor the extension of the existing authority to charter the vessels for an additional year commencing July 1, 1954. The Senate recedes and concurs.

In the course of the hearings on the resolution held by the appropriate committees of both Houses, it appeared that the Republic of the Philippines has been practicing various discriminations against citizens of the United States. These discriminations

ranged from selective imposition of an excise tax on transportation of persons, and nonuniform application of a currency-exchange tax, to the establishment by legislation of import quotas on tobacco, which constituted a violation of the spirit, if not the letter, of the Philippine Trade Act, of 1946.

It was the view of the conference committee that in the event that authority to purchase these vessels is sought from the next Congress, consideration might well be given to permitting the application of a portion of the next year's charter hire to the purchase price if in the meantime appropriate action has been taken to remove the discriminations.

JOHN J. ALLEN, Jr.,
HORACE SEELY-BROWN, Jr.,
TIMOTHY P. SHEEHAN,
HERBERT C. BONNER,
EDWARD A. GARMATZ,

Managers on the Part of the House.

CALL OF THE HOUSE

Mr. GROSS. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. The Chair will count. [After counting.] One hundred and sixty-two Members are present, not a quorum.

Mr. ALLEN of Illinois. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 90]

Albert	Hale	Miller, Nebr.
Angell	Hays, Ohio	Morrison
Beamer	Heller	Murray
Bentsen	Hillings	Norblad
Bonin	Holifield	Pfost
Buckley	Horan	Pillion
Burdick	Kersten, Wis.	Powell
Busbey	LeCompte	Regan
Camp	Lesinski	Riley
Chatham	Long	Shafar
Curtis, Nebr.	Lucas	Sutton
Dawson, Ill.	Lyle	Weichel
Dingell	Machrowicz	Wheeler
Dodd	Mailliard	Wilson, Tex.
Feighan	Mason	
Grant	Meador	

The SPEAKER. On this rolloall 388 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954

Mr. HOPE. Mr. Speaker, I call up the conference report on the bill (S. 2475) to authorize the President to use agricultural commodities to improve the foreign relations of the United States, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of June 29, 1954.)

Mr. BAILEY. Mr. Speaker, will the gentleman from Kansas yield so that I

may ask him as to the changes made in section 302 relative to strategic materials?

Mr. HOPE. Yes, I will be happy to yield to the gentleman from West Virginia.

There was a slight change made in the conference in section 302. It broadens the authority somewhat to use surplus commodities to barter for strategic and other materials not produced in adequate quantities in the United States. That is the only difference that is made as far as strategic materials are concerned.

Mr. BAILEY. The strategic materials we can trade for are those not produced in the United States?

Mr. HOPE. Not necessarily those not produced in the United States. I will read the language to the gentleman. In the statement of the conferees we made it clear that the interpretation is that surplus commodities may be bartered for materials which are not produced in adequate quantities in the United States. That is the interpretation which the House conferees put on the language contained in the bill.

Mr. BAILEY. There is no other change made affecting section 302?

Mr. HOPE. There are some other slight changes in section 302, but not affecting strategic materials.

Mr. Speaker, to more directly answer the gentleman's question as to the provision in the conference bill, the language which relates to barter reads as follows:

To barter or exchange such commodities for strategic or other materials as authorized by law.

Then, in our report of the House conferees, we state that that is to apply to strategic materials which are not produced in adequate quantities in the United States. So I think that protects the gentleman in the respect in which he is interested.

Mr. BAILEY. I thank the gentleman from Kansas for the information.

The SPEAKER. The question is on agreeing to the conference report.

The conference report was agreed to, and a motion to reconsider was laid on the table.

CONSTRUCTION OF CERTAIN NAVAL VESSELS

Mr. SHORT. Mr. Speaker, I ask unanimous consent to take from the Speaker's table, the bill (H. R. 8571) to authorize the construction of naval vessels, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments and ask for a conference with the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Missouri? [After a pause.] The Chair hears none and appoints the following conferees: MESSRS. ARENDS, VINSON, and DEVEREUX.

MUTUAL SECURITY ACT OF 1954

Mr. VORYS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the

State of the Union for the further consideration of the bill (H. R. 9678) to promote the security and foreign policy of the United States by furnishing assistance to friendly nations, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H. R. 9678, with Mr. BROWN of Ohio in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on yesterday, the Clerk had read through line 7 on page 31 of the bill. The remainder of the bill was considered as read and open for amendment at any point. An agreement was made that further debate on the bill, and all amendments thereto, would be limited to 20 minutes.

The Clerk will report the amendment offered by the gentleman from Ohio [Mr. Bow].

The Clerk read as follows:

Amendment offered by Mr. Bow: On page 46, line 9, after the word "stockpiles", change the semicolon to a period and strike out the balance of line 9 and lines 10 through 13.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. Bow] for 5 minutes, but will ask the gentleman to yield for a moment in order that the Chair may make a statement.

The Chair is informed that at the time the Committee rose on yesterday, the following gentlemen were on their feet: Mr. VORYS of Ohio, Mr. TOLLEFSON of Washington, Mr. PELLY of Washington, Mr. GROSS of Iowa, Mr. JAVITS of New York, Mr. FULTON of Pennsylvania, Mr. JUDD of Minnesota, Mr. DEVEREUX of Maryland, Mr. COOLEY of North Carolina, Mr. POAGE of Texas, Mr. CELLER of New York, Mr. SHELLEY of California, Mr. ALLEN of California, Mr. DORN of New York, Mr. ADAIR of Indiana, Mr. CRUMPACKER of Indiana, Mr. BAILEY of West Virginia, Mr. ZABLOCKI of Wisconsin, Mr. LAIRD of Wisconsin, Mr. PROUDY of Vermont, Mr. RICHARDS of South Carolina, and, of course, the gentleman from Ohio [Mr. Bow] whose amendment has been reported by the Clerk and who has been recognized to speak on his amendment.

Mr. BONNER. Mr. Chairman, I was on my feet and wanted time to speak.

Mr. ROONEY. Mr. Chairman, I also wanted to be recognized.

The CHAIRMAN. The Chair will add the gentleman from North Carolina [Mr. BONNER] and the gentleman from New York to the list.

Mr. VORYS. Mr. Chairman, a point of order. If I recall the 20-minute limitation on debate, it was not agreed to by unanimous consent but by a vote. Therefore, the matter of those who were on their feet was not incorporated in the motion and is not controlling upon the committee as a whole.

The CHAIRMAN. The gentleman is correct, unless the unanimous-consent request is agreed to that the time be divided.

The Chair will, in his wisdom, select Members for recognition.

The gentleman from Ohio [Mr. Bow] is recognized for 5 minutes in support of his amendment, under the general rules of the House.

Mr. BOW. Mr. Chairman, this amendment is to section 502, on the use of foreign currency.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. BOW. I yield.

Mr. VORYS. As far as I know, the committee has no objection to this amendment, which is a matter between the Appropriations Committee and the Foreign Affairs Committee.

Mr. BOW. I yield back the remainder of my time, Mr. Chairman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. Bow].

The amendment was agreed to.

Mr. TOLLEFSON. Mr. Chairman, I offer an amendment which is at the desk.

The Clerk read as follows:

Amendment offered by Mr. TOLLEFSON: On page 57 after line 18 add a new section to read as follows:

"SEC. 513. Shipping on United States vessels: Such steps as may be necessary shall be taken to assure, as far as practicable, that at least 50 percent of the gross tonnage of commodities, materials, and equipment procured out of funds made available under sections 103, 105, 123, 131, 132 (a), 201, and 303 of this act and transported to or from the United States on ocean vessels, computed separately for dry bulk carriers, dry cargo liner and tanker services and computed separately for section 103 and 105 (taken together) and for sections 123, 131, 132 (a), 201, and 303 (taken together) is so transported on United States flag commercial vessels to the extent such vessels are available at market rates for United States flag commercial vessels; and, in the administration of this provision, steps shall be taken, insofar as practicable and consistent with the purposes of this act, to secure a fair and reasonable participation by United States flag commercial vessels in cargoes by geographic area."

Mr. TOLLEFSON. Mr. Chairman, this is the so-called 50-50 provision which we have placed in every foreign-aid bill since the program started. This language restores a provision in the bill which the executive department sent to the House for consideration. The administration still wants this language or this provision in this bill.

I read from a section-by-section analysis of the bill, which was printed after the bill was reported to the House, and which carries comments by the executive branch.

I wish to read one sentence which pertains to this particular provision:

The executive branch requests restoration of the 50-50 shipping provision, which the House committee omitted from the bill.

So the executive department wants this provision in the bill. FOA, which will administer it, also wants it in the bill. This provision or a similar provision, as I have indicated, has been in every foreign-aid bill that we have acted upon since I have been a Member of this House. I might say parenthetically that in every case the Foreign Affairs Com-

mittee has sought to oppose it. In this particular case I feel the committee has ignored the intent and wishes of this Congress, because, as I have indicated, we have placed this provision in every foreign-aid bill heretofore, with the exception of the agricultural-surplus bill which the House acted upon a few days ago. But that bill was different from the foreign-aid bills generally because the objective was in large part to sell surpluses for foreign currency.

Notwithstanding our previous actions, the Foreign Affairs Committee seems always to ignore the wishes of Congress and again this time has deleted it from the bill.

Mr. BOGGS. Mr. Chairman, will the gentleman yield?

Mr. TOLLEFSON. I yield.

Mr. BOGGS. Is it not a fact that time and time again we have tried to get this on in committee, but failing there did it on the floor of the House?

Mr. TOLLEFSON. That is right.

Mr. ROONEY. Mr. Chairman, will the gentleman yield?

Mr. TOLLEFSON. I yield to the gentleman from New York.

Mr. ROONEY. I wish to commend the gentleman from Washington, the distinguished Chairman of the House Committee on Merchant Marine and Fisheries, upon his offering this very necessary amendment which I trust will prevail. It is most vital if we are to have any merchant marine at all. It means much to the shipyards of our Nation. As far as I am concerned every ton of foreign aid cargo should be carried in American ships so as to keep our merchant marine and shipyards alive.

Mr. ALLEN of California. Mr. Chairman, will the gentleman yield?

Mr. TOLLEFSON. I yield to the gentleman from California.

Mr. ALLEN of California. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Washington [Mr. TOLLEFSON].

Many of us hold the opinion that an American merchant marine owned, operated, and manned by American citizens sufficient to carry a substantial part of the foreign commerce of the United States is necessary and desirable. I would expect all of us to agree that a sufficient merchant marine is absolutely essential for carrying troops and supplies in wartime.

We now find that the need of the Defense Department for the ships of the merchant marine and the industry which operates, directs, and repairs them is greater than the private operation under existing conditions is able to meet. In a recent statement before the Merchant Marine and Fisheries Committee, Vice Adm. Roscoe F. Good, Deputy Chief of Naval Operations, Logistics, reaffirmed a statement made by Rear Adm. R. E. Wilson approximately 1 year ago. Admiral Wilson's statement can be found in the Appendix of the CONGRESSIONAL RECORD for June 25, 1953. He said in part as follows:

The Department of Defense . . . considers that in accordance with the latest approved plans, the active operating United

States merchant marine * * * should be comprised of the minimum of the following number of vessels.

Here follows a list of the ships required. The admiral went on to say:

A joint analysis by representatives of the Maritime Administration and the Navy Department of the total civilian and military requirements for merchant type shipping upon the outbreak of war compared with the current capability of the United States active merchant fleet has been made. In terms of the general types of ships recommended herein, this analysis indicates a deficiency in actual ships as follows: (a) 165 cargo ships, (b) 6 passenger ships, (c) 43 tankers.

The situation has not become better during the year that has elapsed since Admiral Wilson made his statement. I gained the following information from a letter dated June 14, 1954, from the president of the Propeller Club of the United States:

In 1946 American ships handled 65.7 percent of our foreign trade in and out. In 1953 we were down to 28 percent.

Today we are operating 1,200 ships—down about 33 percent (795 private cargo and passenger).

Employment of American seamen is down 33 percent.

Foreign nations are building or have on order 6,400,000 deadweight tons cargo and passenger ships. American yards have no ships building for private account and none on order.

Japan is now operating at 60 percent of its prewar total. German is operating at 50 percent of its prewar total.

Our intercoastal and coastwise ships which contributed so quickly and importantly to our war effort in 1941 is down from 2.7 million tons in 1939 to 1 million tons.

In a statement before the Merchant Marine and Fisheries Committee a few days ago, the president of the American Tramp Shipowners Association, said in part the following:

At the present time, approximately 57 percent of the total export and import dry cargo tonnage to and from the United States goes in tramp vessels. Prior to World War II, we had no tramp fleet. Today, we have a sizable tramp fleet, but it is almost entirely in layup while a huge volume of our tramp cargoes is being carried in foreign-flag tramp ships. Tramp vessels are also essential for our national defense. * * * Our only hope of survival in times such as today is to have certain cargoes restricted to American-flag vessels in accordance with the terms of the pending legislation. In the absence of subsidy, legislation such as that now before the committee is an absolute essential if any American tramp vessels are to continue operations.

Mr. Stuart was testifying concerning legislation similar to the provisions of the amendment offered by Mr. TOLLEFSON. American tramp ships are carrying about 17 percent of the 57 percent mentioned in the statement. It should be remembered that at the outbreak of the Korean incident the Navy found it necessary almost immediately to charter 14 foreign-flag tramp vessels including vessels flying the Panamanian, Iranian, Greek, and British flags.

There is good reason why those of us whose committee work brings about constant investigation of the American merchant marine and its ability to carry the foreign commerce of the United States and to act as a military auxiliary in time

of emergency offer amendments to bills such as the Mutual Security Act with respect to the carriage of the cargoes which result from such legislation. We have no desire to invade the jurisdiction of the Foreign Affairs Committee with reference to problems within its jurisdiction. We know, however, that the operators of American ships must have some Government assistance or protection if they are to continue to operate. In competition with foreign carriers using foreign labor accustomed to a lower standard of living than American labor, and paid accordingly, we must give financial assistance in sufficient amount to put the American operator using American seamen in a position of equality to compete with this foreign competition. It is equally necessary that our ships have cargoes and passengers to carry. Legislation such as that before us involves such cargoes. We know from experience that if, some part of those cargoes is not restricted to carriage in American ships, foreign ships are used for their carriage.

The American merchant marine is essential to our needs in time of conflict. Neither its operations at present nor the number of ships it is using is sufficient for the initial stages of such a conflict. It is therefore vital if it is to exist in sufficient size that a proper proportion of the cargoes arising from the passage of this legislation and other legislation like it should be restricted from the outset for carriage in American flag ships. A simple appropriation of money for financial assistance made after the cargoes have moved in other ships is not sufficient for this purpose. Our ships need the cargoes.

(Mr. ALLEN of California asked and was given permission to revise and extend his remarks.)

Mr. MILLER of California. Mr. Chairman, I favor the amendment by Mr. TOLLEFSON, acting chairman of the Committee on Merchant Marine and Fisheries, that would assure the American merchant marine a fair share of the cargo generated by this bill.

American shipping needs this stimulus. It is in the best interest of our defense effort also.

Mr. THOMPSON of Texas. Mr. Chairman, I have listened with great interest to the remarks by the gentleman from Washington [Mr. TOLLEFSON], the distinguished acting chairman of the Committee on Merchant Marine and Fisheries, of which I was once a member. I agree with his position and commend him for his presentation of the problem of securing for American flag vessels 50 percent of the ocean shipping provided in the bill now under consideration.

The opposition to this provision on the part of the Foreign Affairs Committee is not new. I recall in the 80th Congress a similar fight and at that time I was accused by the then chairman of favoring the American merchant vessels because as he put it, I was dominated by organized labor. As a matter of fact, I had never even been approached by any such group, and I had taken my position on the strength of advice given me by the

father of the American merchant marine, the late Schuyler Otis Bland, of Virginia.

I recall an earlier occasion when the same question came up before the Merchant Marine Committee. The administrator of the Marshall plan was testifying as to how the money had been spent during the first year of that program. American vessels had not received their fair share and he told us frankly that unless he was otherwise directed by law he considered it his duty to build up foreign enterprises rather than American. Accordingly, we spelled it out in the law. We understood that he then expressed gratification that at last he had a directive which clearly showed that the Congress wished to give its own citizens a 50-50 break.

Those of us who have always fought the fight for the American merchant marine have heard the arguments which are being brought forth today, ever since the 80th Congress. It is pointless to go into the reasons why men are prejudiced against their own institutions. We may as well charge it off to lack of information and be thankful the majority of the Congress has always been unwilling to build up an foreign enterprise, especially shipping, at the expense of our own.

I hope that the committee will again adopt the 50-50 amendment by its usual overwhelming majority.

Mr. TOLLEFSON. Mr. Chairman, I wish to make one or two more statements before I yield further because I do want to get this in the RECORD.

This has the approval of the VFW, the American Legion, the United States Chamber of Commerce, the Propeller Club, every shipping company I know of, and all the labor organizations that I know of.

This amendment will not add one dollar to this bill, not one dollar. It may in the view of some increase the shipping costs, but I dispute that, because any increase in shipping cost of these materials being carried in American-flag bottoms is based upon assumptions, and those assumptions go from one extreme to the other.

If the Foreign Affairs Committee had its will in connection with the merchant marine we would be at the mercy of foreign-flag ships and then it would cost us more, as history has proved time and time again.

Mrs. CHURCH. Mr. Chairman, will the gentleman yield?

Mr. TOLLEFSON. I yield to the gentleman from Illinois.

Mrs. CHURCH. I am happy to report to the gentleman that a firm minority of the Foreign Affairs Committee did oppose the action of that committee in striking out this long-accepted 50-50 provision. As one of those who fought for such fairness to American shipping, I certainly hope that the gentleman's amendment will pass.

Mr. TOLLEFSON. I thank the gentleman.

Mr. FULTON. Mr. Chairman, will will the gentleman yield?

Mr. TOLLEFSON. I yield to the gentleman from Pennsylvania.

Mr. FULTON. If there is the possibility of subsidizing the American merchant marine why is not that done by another committee and in another bill? Why put it in a foreign-aid bill? There are those of us who feel that this is the wrong place, that it should not be attached to a foreign-aid bill and that it should be within the discretion of the Administrator to decide how the material should be shipped.

Mr. TOLLEFSON. But may I say to the gentleman what he already knows, that the Foreign Affairs Committee time and time again tries to ignore the will of the House which is specific on this matter. Why does the Foreign Affairs Committee always seek to ignore it?

Mr. FULTON. Why do you not bring in a separate bill?

Mr. TOLLEFSON. One is being considered by our committee.

Mr. WOLVERTON. Mr. Chairman, will the gentleman yield?

Mr. TOLLEFSON. I yield to the gentleman from New Jersey.

Mr. WOLVERTON. Will the gentleman yield?

Mr. TOLLEFSON. I yield.

Mr. WOLVERTON. I am in full accord with the views expressed by the gentleman from the State of Washington [Mr. TOLLEFSON]. He is chairman of the House Committee on Merchant Marine and Fisheries. He knows from the experience he has gained on that committee, and as a result of the close study he has made of the subject, that there is good reason for the adoption of the principle for which he contends.

His amendment if adopted would be a great help in maintaining and strengthening our merchant marine. It already has great difficulty meeting foreign competition. Without this amendment the difficulties of our merchant marine would be greatly increased.

It is time that we began to give some attention to the needs of our own country, its industries, its activities, and our American workers and seamen. There are times when our give-away program works, in my opinion, disastrously to our own American interests. This amendment would go a long way to give encouragement and help to our hard-pressed shipping interest.

I am in full accord with the amendment. I hope it will be adopted. I wish there were more time for the gentleman [Mr. TOLLEFSON], who offered the amendment, and for others who favor the amendment to be heard. I sincerely hope the amendment will be adopted.

(Mr. WOLVERTON asked and was given permission to revise and extend his remarks.)

Mr. SHORT. Mr. Chairman, will the gentleman yield?

Mr. TOLLEFSON. Gladly.

Mr. SHORT. Certainly I think we should be as fair to our own people as we are to foreigners. I hope that the gentleman's amendment will carry overwhelmingly.

Mr. TOLLEFSON. I thank the gentleman from Missouri.

Mr. Chairman, we only ask for 50 percent of the cargoes. There are those in Congress who feel that we ought to carry

100 percent, but we are only asking for 50.

Mr. SHELLEY. Mr. Chairman, will the gentleman yield?

Mr. TOLLEFSON. I yield.

Mr. SHELLEY. Mr. Chairman, I rise in support of the amendment offered by the distinguished chairman of the Committee on Merchant Marine and Fisheries [Mr. TOLLEFSON]. As a member of that committee, and familiar as I am with the sad state of the American merchant marine, I frankly cannot understand how any Member of this House can do otherwise than support the amendment.

Objection to the amendment has been raised on the ground that it provides a form of subsidy to American shipping, and that, as such, it has no place in this bill. H. R. 9678 authorizes appropriations of \$3,440,608,000 for mutual security for the coming fiscal year. Every penny of that amount represents a subsidy in some form, either direct or indirect. Through this bill we are subsidizing American farmers; we are subsidizing munitions manufacturers, both here and abroad; we are subsidizing schools for training military and technical personnel; we are subsidizing electronics manufacturers here and abroad; and, as was brought out in debate yesterday, we are subsidizing both directly and indirectly, the maritime industry of a number of foreign nations. All of this vast subsidy program has the stated purpose of promoting and organizing the mutual defense effort of the United States and our allies. Now, in that defense effort I know of no single item or program which is as important or as essential as the United States merchant marine. Furthermore, I know of no single phase of the overall mutual defense program to which we have paid less attention and in which we are so dangerously weak as we are in the present state of the American private shipping and shipbuilding industry. Since that is the case I would like to know why in the name of all that is holy it is improper for us to permit using a small fraction of the billions of dollars in this bill to give a boost to an industry so vital to our national security as is the American merchant marine.

In adopting this amendment to require that 50 percent of all cargoes financed through these funds be carried in American vessels we are not giving our shipping lines something for nothing, as could be charged in the case of some of the other items authorized. This is one case where we will be receiving full value for the taxpayers' money. As a matter of fact, the investment will more than pay for itself both financially and in terms of preparedness. We should not kid ourselves into thinking that if we fail to adopt the Tollefson amendment the costs of ocean transportation for mutual security cargoes will come from some other source than the American taxpayers' money. If we don't take action to allow American ships to carry a fair share of the cargoes financed by the mutual security program, we will find that the cargoes will be shipped in foreign vessels, at the same going rates and

with payment coming either from counterpart funds built up by our dollars, or directly with dollars obtained from us. The declining American merchant marine needs those cargoes far more than do the merchant fleets of foreign maritime nations which have been building up at a tremendous rate. When we provide those fleets with cargoes we simply increase the competition they give our own shipping industry and increase the amounts of direct subsidy to American lines necessary under present law.

So, to the charge that the 50-percent amendment constitutes a subsidy of the American merchant marine I say "sure it does." But I also say that a subsidy of this type, which puts cargoes into our ships and permits them to sail with a full load, is a far more sensible and far less costly proposition than subsidizing empty vessels and paying unemployment compensation to unemployed seamen. When we can put fully loaded ships out to sea and keep our essential maritime manpower afloat, we are taking a far wiser course than we take in making direct subsidy payments to man empty vessels.

There is no gain saying that we must maintain an active merchant marine, aside from the economic importance of the shipping and shipbuilding industry, if for no other purpose than to keep it ready as the "fourth arm of the national defense," as it is rightly called. Even the strongest opponents of this amendment do not and cannot deny that. Money spent for that purpose is no more wasted than the billions we spend each year to operate our Army, our Navy, and our Air Force. Likewise, there is no question but that the only way to keep an active merchant marine in being is through some form of Government subsidy. No businessman in his right mind would attempt to build and operate a fleet of passenger or cargo vessels, subject to the far higher American costs of construction and operation, and do so in direct competition with low wage, low cost foreign steamship lines unless he was assured of some form of assistance to offset the differences in costs. Without a program of subsidies to permit our lines to pay the scale of wages necessary for our seamen to maintain an American standard of living, none of our American young men would ever go to sea and who among us would blame them?

Certainly we have no more right to expect seamen to work for 1890 wages than we have to expect the American farmer to grow our food at 1890 prices. This afternoon we will begin debate on a bill to give the American farmer guaranties of some form of parity in the prices he receives for his crops. No matter which of the proposals are adopted, this program will subsidize the people who operate and work on our farms to the tune of billions of dollars in coming years as it has in the past. Our merchant marine is no less essential to our national well-being. This mutual-security bill includes provisions for disposition of some of the farm products acquired as a result of the farm-subsidy program, and the expenses incurred under those pro-

visions certainly are a form of indirect subsidy to our farmers. The inclusion of Congressman TOLLEFSON's amendment, when considered in the light of these farm subsidy provisions or in the strictest definition of the national interest, are not out of line.

Mr. Chairman, in 1946 71 percent of our dry-cargo exports and 65 percent of our imports were carried in American-flag vessels. In 1953 we carried less than 22 percent of our exports and 33 percent of our imports. In 1948, when the principle of carrying at least 50 percent of foreign-aid cargoes in American vessels was established, we were still carrying 46 percent of exports and 55 percent of imports in our own ships. Despite the effect of the continued operation of the 50 percent principle, we have reached a point now where we are carrying an even smaller percentage of our foreign trade than we were prior to World War II. Without the 50 to 50 provision, which Congress has sensibly included in each successive foreign-aid program, our position would be drastically worse than it now is. For us to reject the principle now, when the need is far greater than it was in 1948, would be a sorry example of muddled thinking on our part.

Those who oppose this action for the protection of American shipping often use the argument that our friendly allies need the dollars they acquire through use of their vessels to carry our cargoes. It is interesting to note that a study of the problem covering the years 1949 to 1951 disclose that even if foreign ships had carried all of our oceanborne commerce—not only foreign-aid cargoes but all cargoes—during that period, it would have made a difference of only 8 percent in their unfavorable trade balance during those 3 years. Since that time both their trade balances and the conditions of their merchant fleets have improved immeasurably. The condition of our merchant marine has correspondingly declined. To quote former Secretary of Commerce Charles Sawyer in discussing this problem, "We could ill afford the destruction of an essential American industry to pay for this small increase in foreign purchasing power." We can afford it much less now.

Mr. Chairman, I trust that an overwhelming majority of the Members of the House will show that they grasp the fundamental importance of supporting American-flag shipping by approving the Tollefson amendment.

(Mr. SHELLEY asked and was given permission to revise and extend his remarks.)

Mr. BAILEY. Mr. Chairman, will the gentleman yield?

Mr. TOLLEFSON. I yield.

Mr. BAILEY. I want to commend the gentleman from Washington for offering the amendment. I think it is justifiable under the circumstances and will not add any additional cost.

Mr. TOLLEFSON. I thank the gentleman from West Virginia.

Mr. DORN of New York. Mr. Chairman, will the gentleman yield?

Mr. TOLLEFSON. I yield to the gentleman from New York.

Mr. DORN of New York. I want to endorse the gentleman's remarks and wish to ask the gentleman if it is not true that all of the members of the Merchant Marine and Fisheries Committee also endorse this provision?

Mr. TOLLEFSON. I know of no one on this committee who does not endorse this proposition.

(Mr. PELLY asked and was given permission to extend his remarks following those of the gentleman from Washington [Mr. TOLLEFSON].)

Mr. PELLY. Mr. Chairman, I rise in support of the amendment of the gentleman from Washington [Mr. TOLLEFSON].

This provision that American ships manned by American crews carry half of the foreign-aid cargoes has been in every foreign-aid bill from the Marshall plan down to date. To delete the 50-50 shipping clause at this time would be like kicking a man when he is down.

The members of this committee know full well that the fourth arm of our defense, our merchant marine, is at a very low ebb due to low-wage foreign competition.

When disaster strikes and through drought or flood our farmers in a disaster area face ruin, the Federal Government steps in—and rightly so. But when our ships are laid up for want of cargoes and our seamen become idle, relief in the form of partial use of these vessels for federally financed shipments is denied. In World War II, when victory was only possible because of these American ships, American seamen, for their sacrifices and heroic achievements, were patted on the back; now they are hit below the belt.

The sailors and men who man our ships are human beings—just as human as our farmers. Both have families to support, both have children to clothe and feed. The livelihood of any group of American citizens deserve consideration, but here is a case of where we are asked to either subsidize a rusting fleet of unmanned ships in idleness with an even larger and more desolate graveyard of rotting hulls, with their trained crews of seamen dissipated and in breadlines; or utilizing a part of these ships and maritime manpower to carry federally financed cargoes to sustain the weak and needy peoples of other land in enlightened self-interest. Simple economics dictate the overall and ultimate saving to American taxpayers by using American ships and employing American seamen.

The least we can do, it seems to me, is continue the long established policy of providing that one-half of foreign-aid shipments be transported in American bottoms. To reverse this 50-50 policy now would be a tragic mistake; therefore, most earnestly I urge the members of this committee to adopt the amendment of the gentleman from Washington.

Mr. VORYS. Mr. Chairman, I rise in opposition to the amendment.

May I say, Mr. Chairman, that the arrangements made after the House voted to limit debate to 20 minutes were made so that at least 10 minutes could be de-

voted to this amendment which at least the committee thought was certainly the most important amendment that we knew of that was still before the committee.

Our committee, the Committee on Foreign Affairs, believes in an American merchant marine as a vital part of our national defense. The Foreign Affairs Committee believes in subsidizing the American merchant marine. Our Foreign Affairs Committee, however, does not believe in indirect subsidies which increase the cost of foreign aid, and that is why we have repeatedly tried to get the 50-50 proposition out of the bill. We want to cut the cost of foreign aid. We want to have any necessary subsidies for the American merchant marine as direct subsidies in separate legislation.

Mr. BURLESON. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield to the gentleman from Texas.

Mr. BURLESON. As a matter of fact, the record shows in connection with this foreign-aid matter that about a billion dollars have been paid for shipping products overseas. About \$700 million of that billion dollars has gone to our own merchant fleet. The increased cost, so the figures show, was \$121 million and it is estimated in the reduced program for this year, 1954, the increased cost will be in the neighborhood of \$4 million. It is my understanding that the Senate passed a bill, S. 3233, on June 16, which was referred to the Committee on Merchant Marine and Fisheries of the House on the next day, June 16. This measure has passed the Senate, which settles this question once and for all. I would assume that the Merchant Marine Committee will present legislation to the floor and it seems to me it would be much better to postpone this matter here until the issue comes to the floor in full debate on a question which does arise each time this measure and other measures come here. Only last week, contrary to what someone said that it has always passed and it has been the sentiment of the House that this provision should be included, it was rejected in the bill we passed last week.

Mr. VORYS. That is the point I wanted to make. The very last time this 50-50 proposal was before the House to load up foreign aid with an indirect subsidy for American shipping in the agricultural surplus bill, the House rejected it; therefore, your Committee on Foreign Affairs feels that the wise thing to do, as the gentleman from Texas has said, is to leave it out of this bill as the House left it out of a foreign-aid bill passed last week, and let the Merchant Marine Committee study this policy and bring it to the floor, at which time we can consider it rather than at the tail end of this bill.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that the remainder of the time be divided among those who wish to speak on this or any other matter, but I think first we should vote on

this amendment that is before the House. That is the best way I can think of to handle the matter.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

Mr. GROSS. Mr. Chairman, I object.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Washington.

Mr. BONNER. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. BONNER. Mr. Chairman, do I understand this amendment will be voted on immediately and that no one else will be permitted to discuss the amendment before it is voted on?

The CHAIRMAN. Anyone who is on the list will be permitted to discuss the amendment.

Mr. BONNER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I had not proposed to take up the time of the House on this bill, but I do want to ask the chairman or the acting chairman of the Committee on Foreign Affairs a question in order to correct an insinuation that he made. It is a fact that the House did vote down an amendment that was offered to the foreign aid bill passed here recently. But the reason that amendment lost was that it provided that of the commodities in surplus owned by the Commodity Credit Corporation that were purchased by foreigners, 50 percent should go in American-flag vessels. I admit, I think that was an error, but here in this case where we are giving away and aiding foreign nations and making offshore purchases, it is certainly to be expected that a portion, and a fair portion, of these commodities should go in American-flag vessels.

Mr. BOGGS. Mr. Chairman, will the gentleman yield?

Mr. BONNER. I yield to the gentleman from Louisiana.

Mr. BOGGS. The gentleman from Ohio to my knowledge has never supported this amendment. Maybe he has, and if I am wrong, he can correct me. But, as far as I remember, he has opposed it every time it has been offered, and I think we have to judge a man by his actions. He said he is for a subsidized American merchant marine, but he is opposed to this because it is going to cost too much. Under his program we are depriving the American merchant marine of carrying its own cargoes, and this action saves money.

Mr. BONNER. I thank the gentleman for his contribution.

The point has been raised by the gentleman from Texas as to what has been paid the American merchant marine in these foreign-aid programs. Now I will ask the gentleman what has been paid foreign-flag ships in this program and in all the programs we have had heretofore. Is it not about 3 or 4 times as much?

Mr. BURLESON. Mr. Chairman, if the gentleman will yield, this is a simple matter of arithmetic. Seven hundred thousand dollars has gone to our own merchant marine, and about \$300,000 has gone to foreign-flag vessels.

Mr. BONNER. Evidently it must be more than that, because we have not carried 50 percent. Neither have we carried the preferential cargoes. We have carried in American bottoms cargoes that were the cheapest freight to carry.

Mr. BURLESON. According to the figures I got from the merchant marine, United States flag vessels from the Gulf ports to Hamburg, Germany—I use this as an example—cost \$9 or \$10 and foreign-flag ships cost \$7. Those from the west coast to Japan, our own flag vessels, averaged \$11 and foreign vessels \$6.

Mr. BONNER. Those are tramp prices.

Mr. BURLESON. That is right.

Mr. BONNER. They are not established running prices. They are the quoted tramp prices. The commercial conference rates apply to both American-flag ships and foreign-flag ships, so certainly the gentleman is not quoting the conference rates.

Mr. BAILEY. Mr. Chairman, will the gentleman yield?

Mr. BONNER. I yield to the gentleman from West Virginia.

Mr. BAILEY. In the case of the giveaway of wheat to Pakistan, we estimated the cost there as a minimum of \$21 a ton, and I understand the American shipping bid was as low as \$16 and \$17. There is no need to get scared about the cost.

Mr. TOLLEFSON. Mr. Chairman, will the gentleman yield?

Mr. BONNER. I yield to the gentleman from Washington, the distinguished chairman of the Merchant Marine Committee of the House.

Mr. TOLLEFSON. One item has not been mentioned here. We talk about the matter of subsidy and there have been expressions on the part of a number of individuals that they would support a direct subsidy. Of course, when it comes time to vote on direct subsidies in appropriation bills, their actions indicate that they will vote otherwise. But, there is another matter that should be touched upon, and that is the matter of cargoes. You can subsidize these lines all you want, but they are not going to run unless they have cargoes, and that is what we are after. We want cargoes for American ships so that we can keep operating.

Mr. BONNER. I will say to the Committee that the MST, Military Sea Transport, share in this foreign aid program is a major item of the exports from American ports today, so we are only asking that the American-flag vessels—privately owned and operated—carry a portion, a fair portion, 50 percent, of this cargo. How do you expect the American-flag vessels to operate if a major portion of our exports are carried on foreign-flag vessels?

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

Mr. GROSS. Mr. Chairman.

Mr. RICHARDS. Mr. Chairman, a parliamentary inquiry.

Mr. CRUMPACKER. Mr. Chairman, I offer a preferential motion.

Mr. GROSS. Mr. Chairman, I offer a preferential motion.

The CHAIRMAN. Does the gentleman have a preferential motion also?

Mr. GROSS. I do, Mr. Chairman.

Mr. RICHARDS. Mr. Chairman, is it proper to propound a parliamentary inquiry?

The CHAIRMAN. Yes.

Mr. RICHARDS. How much time do we still have left?

The CHAIRMAN. Five minutes, but there are two preferential motions pending.

Mr. RICHARDS. May I make a further parliamentary inquiry, Mr. Chairman?

The CHAIRMAN. Yes.

Mr. RICHARDS. How many names do we have to divide that time?

The CHAIRMAN. Up to this time, 20. There has been no agreement made to divide the time so we must proceed under the general rules of the House.

Mr. VORYS. A point of order, Mr. Chairman.

The CHAIRMAN. The gentleman will state it.

Mr. VORYS. I believe there has been no amendment offered to the bill since the last preferential motion was made, is that correct?

The CHAIRMAN. The Bow amendment was agreed to.

The Chair will follow the rule of seniority and recognize the gentleman from Iowa [Mr. Gross], as there have been two preferential motions offered that are exactly the same. The Clerk will report the motion.

The Clerk read as follows:

Mr. GROSS moves that the Committee now rise and report the bill to the House with a recommendation that the enacting clause be stricken out.

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, I hope the enacting clause will be stricken out even though I have five amendments at the desk. I appreciate the action of the leadership yesterday in limiting debate on this bill and at least 10 amendments to 20 minutes. I want to thank the gentleman who sponsored that action, leading to this virtual gag rule.

I have offered a motion to page 42, to strike section 415, which reads:

SEC. 415. Emigration to U. S. S. R.: Funds made available pursuant to this act may be used to pay the expenses of travel of any resident in the United States to the Union of Soviet Socialist Republics for the purpose of establishing permanent residence there: *Provided*, That such resident shall not be readmitted to the United States.

Why in the world should we spend any money under this bill to transport people to Russia, in order that they may live in Russia? Provision has always been made for the transportation of deportees to foreign countries. If there are residents of this country who feel that Russia is a land of milk and honey and want to make their home there, let them pay their own transportation costs. Why saddle this on American taxpayers. I hope my motion will be adopted.

Another motion that I have offered is to page 44, section 418, which provides that the President shall be indirectly the

head of a glorified travel agency for which the taxpayers will be gouged for the administrative expenses. That ought to be stricken.

On page 64, I have offered a motion to strike paragraph (b) which provides that not to exceed 60 persons may be compensated without regard to the provisions of the Classification Act of 1949, as amended, and that 35 of these may be compensated at rates higher than those provided for in grade 15.

In other words, here are 35 people who under the terms of this bill are apparently going to be put into the super grades, 16, 17 and 18, and paid fancy salaries. That ought to be stricken.

On page 66, I have offered a motion to strike section 529, which provides that the President may take personnel from any agency of the executive branch of the Government and transfer them to jobs in this foreign giveaway program.

That provision ought to be stricken.

On page 72, I have offered a motion to section 533. Please listen to what section 533 provides:

SEC. 533. Waivers of certain Federal laws: Whenever the President determines it to be in furtherance of purposes declared in this act, the functions authorized under this act may be performed without regard to such provisions of law regulating the making, performance, amendment, or modification of contracts and the expenditure of Government funds as the President may specify.

If you enact that provision of the law you have given the President of the United States dictatorial power over the spending of billions of dollars and nullified laws that have been wisely enacted governing contracts.

You can vote for this bill with that provision in it, if you wish. I do not intend to do so.

Mr. WILLIAMS of Mississippi. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield.

Mr. WILLIAMS of Mississippi. I agree with the gentleman that all his amendments are certainly entitled to consideration. May I point out that it took us 8 hours yesterday to complete action on 28 pages of an 82-page bill. Thanks to the Republican leadership on the other side of the aisle, we have exactly 20 minutes to consider the remaining 54 pages of the bill. For that reason if for no other I think the House would do well to recommit the bill.

Mr. GROSS. The gentleman is exactly correct.

Mr. SMITH of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield.

Mr. SMITH of Wisconsin. In view of the fact that there is almost \$10 billion of unexpended funds at this time, does the gentleman conclude that recommitting the bill will be to the interest of the country?

Mr. GROSS. It certainly would be.

Mr. DEVEREUX. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Maryland.

Mr. DEVEREUX. As I understand it, this bill is called a mutual defense assistance bill. Does the gentleman see anything inconsistent in providing for our

own defense in whatever subsidies may come to our merchant marine, just as well as we provide for assistance and subsidies to foreign countries?

Mr. GROSS. Certainly. I believe in taking care of our own people. I say again that "mutual security" is just another sweet-scented title. There is neither mutuality nor security in this bill and time and events will continue to prove that statement.

(Mr. NEAL asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. NEAL. Mr. Chairman, the report of the Foreign Affairs Committee on H. R. 9678 deserves careful study by every Member of Congress. Only the members of that committee are in a position to possess even a minimum of information revealing the extent to which this Nation has become involved in the international affairs of countries all around the globe.

From the standpoint of present cooperative effort to resist the spread of communism, the report justifies these enormous expenditures on a thread of hope that continued foreign aid will create a chain of military bastions supported by public opinion favorable to united support of the free nations against aggression.

Congress has been authorizing foreign expenditures on the recommendation of policymakers in government who see the world through the eyes of international industrialists and financiers. Neither they nor Members of Congress would for 1 minute sponsor these elaborate overseas expenditures if their own capital were known to be the source of such funds. It is easy enough to tax the citizens and spend their money, and then exercise their legal powers to tax more to make up the deficits. It has seemingly become a fixed policy to feel that the citizen is no longer to be considered. He is simply told that it is no longer his business. He must accept war and fear psychology and pay the cost without question.

America has fought foreign wars for 40 years; the Congress has imposed the taxload to the limit of endurance; it has squeezed capital and industry until their reserves, once considered the backlog of our economic structure, are now depleted. It has issued paper I O U's to the tune of two and three-fourths billions and exchanged them for the savings of sacrificing citizens. It has created agencies guaranteeing contingent liabilities which make the Government the possible final arbiter for another \$200 billion. All this to promote wars and to keep a step ahead of other nations likewise dedicated to lead the world militarily.

I wonder if spending in foreign lands at the expense of our own people has really accomplished what we had hoped for. It is an historic fact that individual nations will conform to an international policy only as long as it greatly serves their own local interests. The fact that many among the free nations group are necessarily influenced by economic and political developments in their new neighbor nations, means that it follows, that any ties with the United States must

be subject to these unpredictable influences. Judging from vacillations on the part of a number of key nations considered essential in the alignment of anti-Communist powers, we seriously doubt the stability of our association of allies if and when the real test of their determination to resist aggression becomes imminent. Without a determined will to resist aggression, without a patriotic devotion to the ideals of freedom, no amount of money or military hardware can insure the United States the total assistance needed for a united, firm stand among the free nations against aggression.

It would seem that the measure of the success of foreign spending should be determined by a comparison of conditions prior to and since the series of 40 years of war, which has involved the United States in the affairs of so many foreign countries.

At the conclusion of each of these three foreign wars the United States emerged with reduced resources, increased national debt, less security against international threats, and more confusion in the minds of our people. It now requires more of the resources of the United States to prepare for a war we fear than it did to prosecute the First World War. And still we are asked to believe that we, 160 million people, differing in culture and philosophy from the other 2 billion citizens of the world, can make them all over to our way of life—as if 1 or 2 generations in the history of mankind has ever succeeded in changing the lives and habits of nations much older and more firmly convinced that their own cultures are superior.

I wonder what has come over Americans to plant such grandiose ideas of leadership over nations whose history and traditions for centuries evolved national philosophies and traits of character inherent and subject to little, if any, reactionary changes from outside influences.

I am a firm believer that people usually get along better if they are left alone and allowed to work out their own salvation. If they are free to adopt from foreign ideologies those things which they voluntarily choose, they are much more apt to accept them with pleasure and make them succeed.

If, as it appears in many nations, today's threat of communistic infiltration is so lightly taken, no amount of money, economic aid, or American persuasion will prevent Russian influence from strengthening its hold on these people. If, on the other hand, they are aroused to the dangers and faced with the necessity of self-help, they may then awaken to the fact that "God helps those who help themselves." Once they reevaluate national policies, based on patriotism and united devotion to the cause of freedom, no other philosophy can long survive their determined resistance.

Just as long as America continues to promise unlimited help, just so long will these nations be content to remain supine under the possible hope that America will bail them out of their difficulties. Except as foreign aid promises specific and direct defense benefits to

America, any foreign funds not so allocated should be withheld.

The American economy simply cannot stand a continuation of this program as it has been conducted in the past.

Mr. RICHARDS. Mr. Chairman I rise in opposition to the preferential motion.

Mr. Chairman, we are coming to a vote on this momentous question in just a few minutes. I do not reckon that anybody here is satisfied about everything in this bill. It is an unpalatable bill. There have been many disappointments coming to us out of the foreign-aid program, and more disappointments will doubtless come. But do not forget this: We have from the beginning spent over \$40 billions on this program because we believed in it, a majority of the Congress of the United States and 3 Presidents from both political parties believed in it, 1 from 1 party and 2 from the other party. In a question like this there should be no room for party partisanship.

What are we going to do? We have put our hand to the plow. Are we going to turn back? Our aim should be the same as it was yesterday.

I do not like some of the things that have happened in France. I am unable to comprehend the disunity there. That has been a disappointment to the people of the United States. I do not like what the British Foreign Secretary, Mr. Eden, said to the cheers of the members of Parliament in Great Britain a few days ago. He must have paid a big price in self-respect to appease Mr. Bevan and Mr. Attlee. The spirit of Munich was there. I do not like what the Vice President of the United States said a day or two ago right at a time when other leaders of both political parties were calling for bipartisanship in this fight. I say I did not like it when he claimed in a public address that mistakes made by a Democratic administration were responsible for what is happening in Indochina today.

Who can say that mistakes made in the past, and many were made and many will still be made in this battle against communism, who will sustain the charge that a Democratic administration was responsible for the plight of Indochina today? It is untrue. It is a foolish charge made with an eye to coming elections. It is unjust.

You have to fight this Communist flow of lava coming from the craters of the world wherever it breaks out, and you do not know where that is going to be tomorrow. Yesterday you did not know where it was going to flow today. But fight it we must, the best way we know how, on other fronts of the world, else we may face it here.

I have sat in this Congress and heard Members and seen Members vote for \$50 billions without batting an eye to arm American boys to go out and die for freedom, and yet the same Members will not vote for one-tenth of that amount to get other people to stand by the side of our boys on the battlefronts of the world because they say it is not for our own people. American boys from the Arctic Circle almost to the Antarctic

Circle are carrying the flag of the United States on foreign soil, and if war comes tomorrow they may have to carry the brunt of the battle. We sustain them there with the full faith, credit, and power of these United States. Now, are you going to turn back when we ask you to vote one-tenth of the funds that you are willing to provide for them and the defense of America itself this year in order that others may be able to help them and us? Some of our so-called allies may fall by the wayside—some may become weak, and weary, and afraid—yes, there are some like that in the United States, men and women of little faith. The Good Book says that "faith is the substance of things hoped for, the evidence of things not seen." If there is anything, I reckon, that we lack, the first is faith. If there is any other great human element that we lack, I would say it is patience. The American people want to see this thing settled today. How nice that would be, but this conflict will not be settled today or tomorrow, maybe not in our lifetime. Communism is more determined than that. The question here today is, how determined are we? There are people who are even saying, let us cut loose with the atomic bomb and get this thing over, and quit spending money to help people who do not appreciate what we are trying to do for them. If you are looking for full appreciation, you are looking for the end of the rainbow—you will never get it. We are in this foreign-aid program because a majority here have felt it is best for the United States of America to do so. We should not turn back now. This \$3,419,000,000 in this bill, I think, is necessary for this program. Some of it will be wasted, yes—but it is an investment in peace—it is a chance we must take. It is, at the very best, a token of our faith in what we started out to do.

The CHAIRMAN. The question is on the preferential motion offered by the gentleman from Iowa [Mr. GROSS].

The motion was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Washington [Mr. TOLLEFSON].

The amendment was agreed to.

Mr. CRUMPACKER. Mr. Chairman, I offer a preferential motion.

The Clerk read as follows:

Mr. CRUMPACKER moves that the Committee do now rise and report the bill, H. R. 9678, back to the House with the recommendation that the enacting clause be stricken.

(Mr. DONOHUE asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. DONOHUE. Mr. Chairman, as I have repeatedly urged in past considerations of this Mutual Security Assistance Act, I am impelled to emphasize again today what I believe to be our positive duty to carefully examine the provisions of this measure on the basis of its fundamental objectives.

I think we can all agree that the primary objective of this legislation is to promote the peace and security of the United States. Inherent in that objective must be recognition of the gravest

problem of United States foreign policy, which is the protection of the United States from the Soviet threat.

It is obviously sensible to reasonably assist our friendly allies both militarily and economically, thereby encouraging them to reject communistic overtures and appeals. By such assistance, we are certainly promoting our own security and protecting ourselves from the Kremlin menace.

However, before we go headlong ahead, motivated by the accepted objective, with enthusiastic and unbridled appropriation, I feel that patriotic wisdom compels us to stop for a few moments to re-examine, restudy, reappraise, in summary, this whole foreign-aid program.

Let us vividly realize this bill today is a part of the general foreign aid program which has been running continuously ever since July of 1940. Let us candidly appreciate that through the fiscal years of 1941 to 1945, we gave to foreign countries the amazing total of over \$59 billions in American funds, every penny of which was actually borrowed and charged to the account of our American taxpayers.

In the postwar period, for the fiscal years through 1946 to 1953, we granted, in one manner or another, to foreign nations over \$55 billions.

In this fiscal year up to May 15, we have made further grants in foreign aid of over \$4 billion, which adds up to the impressive figure of over \$119 billions. These figures have been testified to by Government sources and remain unquestioned.

In addition to this huge amount, we have furnished aid to other countries through the World Bank and the Monetary Fund to the extent of almost \$3½ billion.

Let us not forget that, during the time we have been furnishing this aid, from 1940, the ordinary interest which has had to be paid on the money borrowed to finance our foreign assistance program amounts alone to over \$18½ billion.

Now when we put these figures all together, we discover that in principal and interest on these foreign aid programs, continuing since 1940, they have cost the people of the United States the fabulous sum of over \$131 billions.

Sad it seems that in spite of the fact of such huge expenditures by the most charitable and generous people in world history, we find that since the start of our foreign aid program, world communism has continually increased and more people, are, at this hour, under Soviet control and domination than when we first started. Indeed it is quite startling to observe that unfortunately, we appear also to have more enemies and fewer friends in the world than before the program began. Certainly, we have not received the cooperation and the assistance from others we expected or thought we were justly entitled to, in all reasonableness and commonsense.

I have recited this brief summary not for the purpose of suggesting the sudden end of our foreign aid program, but only to discharge the moral obligation I feel I have as a Representative in this House. I have listed these facts and circum-

stances to reemphasize what I regard to be our absolute obligation to the American people to take the greatest care of their money and exercise the highest vigilance over the manner in which it is spent. We can promote the fullest rehabilitation of friendly foreign nations, and it will avail us nothing if we thereby foolishly destroy the morale of our own people here at home.

To guard against the chance of such foolishness, let us scrutinize the needs of the individual countries. Let us deliberately measure, by past performance, just how friendly to us some of these nations actually are, so that we shall not be carelessly subsidizing those who give us no pledge or assurance of mutual assistance against the common enemy of communism. Let us be determinedly prudent in exacting guaranties and providing loans, instead of outright grants-in-aid, wherever and to whomever that can reasonably be done.

In that connection, let us remind some of the impractical geniuses in our State Department, as well as our Defense Department experts, that we are not appropriating money here for the purpose of destroying American industries and eliminating employment opportunities for our own people. The placing of American Government contracts abroad at a time when unemployment in this country presents a currently serious economic problem is, to say the least, of very questionable wisdom. It is indeed the more foolhardy when we realize that some defense items and essential parts of industrial machinery are being manufactured abroad in places where the danger of Communist infiltration and sabotage is a high and recognized threat. Such promiscuous spending, in the guise of promoting friendly foreign relations, will not be tolerated by the American taxpayers, and this Congress should be and must be extremely restrictive of their authorization and approval. We can, perhaps, give some of the American people's money away discriminately with their sanction, but we can never expect them to stand loyally by while we give their jobs away.

As I indicated at the start, I am not opposed to the fundamental objectives of this measure. I believe it is practically wise to continue to reasonably furnish aid to those allied countries demonstrating their willingness to fight in the common cause against Communist oppression. I believe that we can enact a prudent foreign-aid program of substantial continuing value to ourselves and the free world.

One phase of this program has always had and will have my full sympathy and encouragement. That is the authorization provision of furnishing technical assistance to friendly underdeveloped nations; giving them supplies, equipment, and personnel instruction for imitation of modern American methods of preserving health, increasing productivity and setting up advanced agriculture and manufacturing techniques. This assistance, to my mind, will have a longer and more lasting effect, beneficial to us, especially in the Near East. The expenditure provided for, in the amount of

\$132 million, to include Israel and the Arab States, is an investment that promises to bring us returns a hundredfold.

In conclusion, let me exhort you not to rush this legislation. It is deserving of our prolonged study and debate. It is a program in keeping with our Christian democratic philosophy and is basically good for ourselves and the free world. However, in considering each and every authorization provision, let us ask ourselves, in the spirit of the President's admonition, "Is it good for all Americans?" Let us also be mindful that our watchword on all appropriation measures should be "the American taxpayer and our own economic stability come first."

Mr. CRUMPACKER. Mr. Chairman, section 506, which appears on page 50 of the bill, gives the administrators of this program what amounts to the power of eminent domain over the patent rights of American citizens. I could dwell at length on the hazards involved when one of the standing committees of the House gets into a highly technical field which rightly belongs within the jurisdiction of another committee, but I will only take time to say and to point out that the language used here by the Committee on Foreign Affairs is extremely loose in terms of patent law and will only partially accomplish the thing which they seek to accomplish by putting this section into the bill. Some patentable inventions would come within their definition and some would not. But, beyond that I would like to point out that for many years there was included in the emergency war powers granted to the Federal Government a similar provision which enabled the Department of Defense to use patents without following usual procedures.

We held extensive hearings both during the 82d Congress and during the first session of this Congress, in the Subcommittee on Patents of the Committee on the Judiciary, and that committee decided last year that the Defense Department did not need this power. So it was terminated. What the Foreign Affairs Committee seeks to do in this bill is to give to the State Department and the Foreign Operations Administration authority which this Congress has denied to the Defense Department in the carrying out of our own defense program. In other words, we are saying that it is proper for the State Department to exercise the right of eminent domain for the benefit of foreign powers, when we have denied it to our own Defense Department.

Mr. KEATING. Mr. Chairman, will the gentleman yield?

Mr. CRUMPACKER. I yield to the gentleman from New York.

Mr. KEATING. I appreciate the action of the gentleman in calling the attention of the House to this provision of the bill. I join in the sentiments about it which the gentleman has expressed. It is extremely unfortunate that the Foreign Affairs Committee has included this provision in the bill. It is a matter properly within the province of the Committee on the Judiciary. It should not be dealt with in this bill in any way.

Mr. CRUMPACKER. What we are doing here is simply enabling the State Department or FOA to grab any patent rights presently existing, or grab any unpatented inventions that may still be going through the mill, and use them in any way they see fit for the benefit of foreign powers, when we have denied that very right to our own Defense Department for the promotion of our own defense program.

The only excuse which the Foreign Affairs Committee offers for the inclusion of this provision is that it has been in the law for some time. As I have pointed out, there were once other similar provisions in the law but they have been terminated. The reasons for terminating these other similar provisions apply with equal force to this provision and I think it should be stricken from the bill.

Mr. VORYS. Mr. Chairman, I rise in opposition to the preferential motion.

The matter which the gentleman from Indiana [Mr. CRUMPACKER] brings up is one of some perplexity. The gentleman did not state that this provision has been in the law since 1951. At that time the Foreign Affairs Committee had extended hearings on its because this is a matter which is clearly within the jurisdiction of the Foreign Affairs Committee. This is a matter which, since it deals with the use of patents in foreign affairs and international association, is clearly within the jurisdiction of the Foreign Affairs Committee, just as being a patent matter, it is also within the jurisdiction of the Committee on the Judiciary. We have seen the Committee on the Judiciary this year take over jurisdiction of the international program for refugees and escapees, which the Foreign Affairs Committee has handled for years. The Foreign Affairs Committee surrendered that jurisdiction gladly to the Committee on the Judiciary, and a bill has passed the House that has to do with that subject. In this instance the executive branch wishes this provision continued as it has been since 1951, because these provisions are important in helping to supply our allies with material so vital to the mutual security program. On the other hand, if there is some aspect of the matter that we should have considered that is available to be studied in the other body and in our conference, it would seem to me most unfortunate for us to attempt, with a few minutes' discussion, to dispose of this one way or the other today. I can only assure the House, on behalf of our committee that we will study this matter promptly. We will seek the aid of the vast intelligence of the Committees on the Judiciary of the House and Senate in perfecting this part of the bill, but we ought not try to do it now.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield.

Mr. JUDD. Does the gentleman know of any complaint raised against the operation of this section in the last 3 years, when it has been the law of the land?

Mr. VORYS. No.

Mr. JUDD. Not a word of complaint has been brought to our committee.

Mr. VORYS. No. And because there was no objection, because even though the draft bill has been available since April 15 and we did not hear from our friends on the Judiciary Committee we thought this was one thing in our bill which was noncontroversial.

Now, Mr. Chairman, if I have any time left, I ask unanimous consent to yield the rest of my 5 minutes along with the 5 minutes that I think is still available for debate to the Chair for disposition by the Chair, in its wisdom, among the Members who wish to speak on this or other matters connected with the bill.

The CHAIRMAN. The gentleman has 2 minutes remaining which he may yield back.

Mr. VORYS. I would like to yield that back to the Chair for disposal in addition to the other five.

The CHAIRMAN. The question is on the preferential motion.

The motion was rejected.

Mr. VORYS. I have yielded 2 minutes to the Chair and I now ask that the 7 minutes available be divided amongst those who wish to speak.

Mr. McCORMACK. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. McCORMACK. The gentleman yields back 2 minutes, which was available to him in opposition to the preferential motion.

The CHAIRMAN. He has yielded that back to the House, or to the Chair.

Mr. McCORMACK. I ask unanimous consent that the Chair may use that extra time.

Mr. VORYS. That is what I am trying to do.

The CHAIRMAN. That is what the Chair understands to be the unanimous consent request of the gentleman from Ohio.

Mr. VORYS. Mr. Chairman, I have two requests: One, that the 7 minutes remaining be disposed of by the Chair to those who wish to speak on the bill; and, second, that all Members may have the right to extend their remarks at this point or at appropriate points in the RECORD.

The CHAIRMAN. Is there objection to the various unanimous consent requests of the gentleman from Ohio?

There was no objection.

Mr. STRINGFELLOW. Mr. Chairman, I have felt impelled today to vote against the Mutual Security Act of 1954 which would authorize our country to give away \$3,500,000,000 during the next fiscal year.

I campaigned and was elected on a platform which called for balancing the United States budget and in good conscience I cannot vote for a measure which will perpetuate deficit spending. The amount of foreign aid which is proposed for next year is approximately equal to the amount which it is estimated the United States budget will be out of balance or in the red this year. I have pondered this matter for many days, and I have wrestled with my conscience before voting against this bill. I have discussed this matter at some lengths with

Congressman DEWEY SHORT, chairman of the House Armed Services Committee, and also with my good and able friend, Congressman ALVIN BENTLEY, who is a member of the Foreign Affairs Committee.

I am firmly convinced that the authorization of these additional billions for foreign aid would be just as wasted as all other moneys have been which we have sent abroad since World War II. I am greatly concerned over our foreign policy, and I sincerely support the President and the other administration leaders in their efforts to combat communism. However, I am certainly not convinced that spending billions of dollars will win us either friends or allies, and I am certain that continued deficit spending will bring the United States only misery, poverty, and further taxes as we head blindly down the road to national bankruptcy, economic ruin and political oblivion.

As has been pointed out in the debate on the floor today, there are billions of dollars of carryover funds from previous years' authorizations and appropriations to permit our Government to help nations and areas, such as Indochina, which are threatened by Communist invasion. This program of supporting other nations on United States taxpayers' dollars must come to an end sometime, and there is no better time than the present. I am in complete sympathy and accord with the minority report issued by the House Foreign Affairs Committee.

I too have grave doubts concerning the patchwork mutual security program, and its philosophy of materialism. I also have serious doubts as to the wisdom of relying on huge grants of money and weapons as the core of our foreign policy, and I abhor having to rely on vacillating allies whose turncoat policies have constantly kept them and us in one international fracas after another.

I sincerely believe we would have accomplished far more good if we had used the hundred billion dollars we have given freely to foreign nations in economic and military aid since World War II for reducing the national debt and bolstering our own economy and defenses in the American hemisphere. Only by exercising spiritual, moral, and political leadership can we hope to achieve real peace because dollars alone will bring no more security or peace of mind for the United States than it did for Judas nearly 2,000 years ago when he betrayed Christ for thirty pieces of silver.

Mr. CHIPERFIELD. Mr. Chairman, section 415, emigration to U. S. S. R., authorizes the use of funds available under any provisions of the bill to pay the expenses of travel of any resident in the United States to the Soviet Union for the purpose of establishing permanent residence there on condition that such person shall not be readmitted to the United States. The authority is discretionary. It is not anticipated that many people in the United States will want to take advantage of this opportunity. To the extent that there are such people, the committee believes that money used for this purpose would be well spent.

This amendment was unanimously adopted by the Committee on Foreign Affairs, and as I have pointed out is entirely discretionary. So even if it was determined to use Mutual Security funds to pay the expenses of citizens of the United States to U. S. S. R. it would be only for those that we feel it is for our best interest to get rid of. It is doubtful, even if we should make such a decision, that the U. S. S. R. would issue these people visas and permit their entry into Russia. This provision would require only an infinitesimal sum.

Even a 13-year-old boy recognized that fact when he wrote me as follows:

I read in the town paper today that you and the House of Foreign Affairs Committee voted Wednesday to authorize paying a one-way passage to Russia for any resident of the United States desiring to stay there. I am only 13 years old and I may not know much about this, but I think you and the committee are pretty safe from having to pay the price of such a ticket.

Also, an editorial on this provision summed it up as follows:

If Congress by chance should adopt it, the United States taxpayer needn't worry about having to buy any large numbers of one-way tickets. Soviet Russia's lovers in this country always have been noteworthy for preferring to love the Kremlin at a safe distance.

Those people who believe Russia is such a utopia that they would be willing to give up their United States citizenship to go there are not good Americans, and I again say we are better rid of them.

I believe this amendment has great possibilities as a psychological and propaganda weapon in letting the people of U. S. S. R. realize there would be a great movement to get out of Russia if permitted to do so, while there would be just the smallest trickle back to Russia even with expenses paid. When people realize the opportunities in a free world they want no part of a country where slave conditions predominate.

Mr. FRELINGHUYSEN. Mr. Chairman, this bill has so many admirable features and the continuation of a vitally needed program is so obviously desirable, that I hesitate to comment on one minor provision, section 415. This provision, however, seems vulnerable at least to comment, if not criticism.

Section 415 provides that any resident traveling to the U. S. S. R. "for the purpose of permanent residence there" may be reimbursed for any travel expenses so incurred. Any such resident, however, the section specifies, "shall not be readmitted to the United States." This language is clear enough. At first blush it has a certain appeal. In effect, we are saying, "If someone likes Russia so much, we will help him go there." If enacted, section 415 will provide free one-way tickets, paid for from mutual-security funds. We are seeking thereby to speed on their way those who desire to reside in Russia.

On sober second thought, several questions arise. Who will administer the program? What kind of affidavit of intention will be required? Who, and how many, will take advantage of this offer?

Can we legally bar from readmission to the United States citizens whose travel expenses have been paid? What, finally, is the real purpose of section 415?

The report of the Foreign Affairs Committee states—somewhat dryly and with justifiable confidence—that “it is not anticipated that many people in the United States will want to take advantage of this opportunity.” Certainly, it is inconceivable that many individuals would consider accepting this offer, generous as this use of the taxpayers’ money may sound.

Section 415 will have meaning only if we can give publicity to the fact that nobody wants a free trip to Russia. In other words, it must be hoped that this particular provision will have psychological value, that it will furnish the Voice of America with effective propaganda.

Because this, indeed, may be true, I have decided against offering an amendment to strike out all of section 415. Nonetheless, this move seems ill advised, puerile, and futile. If points of order had not been waived, I am confident that a point of order against section 415 would be sustained. This provision is not relevant to the purpose of the bill. This bill aims to promote our national security and our foreign policy “by furnishing assistance to friendly nations.” Furthermore, this provision attempts to affect our national immigration policy, which is surely out of order in an authorization bill of this kind.

It seems inadvisable for us to attempt to wage psychological warfare in this way. Certainly, it cannot be hoped that its effect will be earth shaking. In contrast, if we were authorizing free passage for refugees from the Soviet Union, it might be helpful in the cold war. If we were encouraging real disaffection within the Soviet Union, or reaffirming our unrelenting interest in the freedom of all peoples, this, too, might be helpful. This proposal, however, is basically meaningless and ineffectual. It is, indeed, a reflection on the commonsense of Congress that we should authorize such an inane and picayune project.

Mr. PHILBIN. Mr. Chairman, the Mutual Security Act of 1954 has broad objectives designed to strengthen and fortify the free world against communism.

It is difficult indeed to be optimistic about the current international situation. It is equally difficult to understand some activities and policies of certain so-called allies who accept our very substantial economic, military, and political aid and then devote themselves to what many interpret as a definitely pro-Soviet, pro-Red China attitude. Thus the unity of the free nations is sorely tested and strained at many points. Yet if unity could be established on a firm basis of real mutual agreement, if all the manpower, military strength, and economic resources of the free world could be marshalled and made available in a common effort to check communism, there would be overwhelming force on the side of the cause of freedom and the forces of enslavement could never successfully infiltrate free nations, nor could they carry on successful aggres-

sion anywhere. It is this distressing division of opinion and failure to contribute according to capacity—the failure it would seem of a real activated will to join in the defense of democracy which is making it easier for the Soviet to conduct both political penetration and willful aggression against free nations. Korea, Indochina and some European nations are cases in point.

As I have said so many times on this floor, all these things dictate not only a reappraisal of our entire foreign policy, but the shaping of a new policy that will realistically evaluate the present attitude and policies of some of our major allies so-called. Such a policy cannot be predicated upon the weakness of appeasement, but rather must rest upon the strength of spirit, of arms, and of economic readiness, and upon an honest, determined, fair-minded campaign for peace based upon reciprocal disarmament, atomic and hydrogen substances controls through international inspections, and support of independence and self-determination in the face of colonialism, imperialism, and totalitarianism whether it be red, black, white or any other color, and regardless of its pious professions of social reform and betterment.

There are fortunately also some bright spots in the international situation. One of these is Israeli, in fact that brave new nation is outstanding in a troubled, harrassed world in shaping a bold destiny of freedom and independence, in courageously and intelligently facing up to stupendous problems and solving them in the true interests of its people. Against great odds, Israeli set up its free institutions. It opened wide its doors to the persecuted, war-stricken refugees of many lands. It moved almost miraculously to develop the national resources and convert barren wastes into fertile, productive fields. On a wide front, this young nation infused with high idealism and love of liberty, has conquered most challenging social, economic, financial, and political problems. Israeli stands proudly as an outpost of democracy and liberty in the Near East, a sanctuary for the persecuted, a haven for the oppressed and a gleaming beacon light of hope and inspiration for those who seek to be free and to enjoy the opportunities, fruits and blessings of stable democratic government.

It is therefore with a sense of privilege that I declare my support of Israeli and of the well-merited assistance provided for her by this bill. Israeli is entitled to our confidence and help.

Regarding the bill in general, while there are several provisions which do not particularly stir my enthusiasm or approval, I am supporting it because I believe that our Nation is confronted with great peril from the world Communist conspiracy and that we must leave nothing undone that is at all reasonable or practicable to establish appropriate defenses against infiltration and aggression and to encourage the nations of the free world to participate in the overall program to combat communism and preserve freedom.

During and since the war, our contributions to the cause of freedom throughout the world have been great and many. We have placed great exactions upon our own taxpayers to provide the billions of dollars in money, materiel, and food, which we have furnished to our allies and associates. In not all cases have these grants brought us the results expected. There has been altogether too frequently a palpable unwillingness on the part of other nations whom we have helped so materially to make the effort and sacrifice necessary in order to contribute an equitable part to the sizable and tragic undertakings which have been necessary to check those forces which are dedicated to the destruction of democracy and liberty.

I hope that the fruits of this measure, as well as the many other evidences we have so generously given of our own willingness to stand in forthright manner with all nations willing to defend our way of life, will soon bring more favorable reaction, particularly by the development and formulation of that essential and zealous unity of purpose and action which will insure, I believe, the protection of our freedom.

That we have colossal tasks ahead of us is manifest. But they are by no means insuperable, and with faith, determination, and courage, and sound statesmanship, they can be successfully accomplished. It is for all peoples interested in freedom and loving freedom to realize how gravely it is imperiled, and to rally behind a solid, loyal, dedicated leadership to defend and preserve the security and the future destiny of America and human liberty. By these means our cause will triumph.

Mrs. KELLY of New York. Mr. Chairman, as a member of the Foreign Affairs Committee, I feel it is my duty to speak on this bill.

I believe in the basic principles of our foreign policy—collective security through international cooperation—to which this act is dedicated.

I believe this bill expresses confidence in collective security and faith in the people of the free world to want to remain free.

I believe in the objectives of this bill to obtain a just peace through international cooperation.

For these reasons the United States joined the United Nations, established the ECA program, enacted Mutual Defense Pact, initiated the mutual security program, ratified the North Atlantic Treaty, and other pacts.

The U. S. S. R. has thwarted and strangled the objective of freedom-loving people for peace to the degree where free nations have been forced to organize in order to curb an attempt to destroy the enslavement of people by the U. S. S. R.

The free world and the U. S. S. R. are now locked in an untenable situation, and the fate of the world awaits its solution. The stakes are high and the hour is late.

The unity of the free world must be preserved. History can and should be made in Washington this week provided that—

First. The favorable passage of this Mutual Security Agency bill of 1954.

Second. Restoration of an effective United States-British alliance.

On the first fact: Passage of this mutual security bill is necessary to implement the foreign policy of the United States. The objectives of this bill are the following—and to me the key answer for its passage is expressed in (d):

2. OBJECTIVES OF THIS BILL

In meeting the situation with which the United States is confronted, the committee has endeavored to prepare a bill which would attain the following objectives:

(a) Strengthen the ability of the United States to meet the threat of Soviet aggression: The most important problem confronting every man, woman, and child in the United States today is the Soviet threat. There is no reason to believe that this danger has diminished in any way. It is essential that we not allow disappointments, annoyances, or wishful thinking to divert us from the urgency of the problem or from utilizing every available means of meeting it.

(b) Maintain the stability and security of nations in which the United States has air bases and other defense facilities: Atomic weapons and the Strategic Air Force are the most important weapons available to the United States to deter Soviet aggression. The effectiveness of this deterrence is substantially increased if it is possible to strike from bases as near to Soviet targets as possible.

Every nation is reluctant to have foreign troops stationed on its soil. Many countries where the United States has bases regard these bases as inviting atomic attack by the Soviet if war comes. The only way America can maintain such bases is to cooperate as partners with the host countries on a comprehensive defense program. The United States cannot have foreign bases and follow a policy of isolation in other respects.

(c) Keep the resources of Western Europe and of the free world generally from falling under Soviet domination: If the factories, minerals, and skills of Western Europe were controlled by the Soviet Union, the industrial potential of the Communist bloc would be brought into near-parity with that of the United States. Furthermore, in this electronic age small supplies of rare minerals and other commodities have become vital to United States industry and to United States defense. Some of these are not available within the United States or even in the Western Hemisphere. It is essential that we retain access to such supplies and prevent them, whenever possible, from falling into Soviet hands.

(d) Avoid action which would destroy efforts on the part of other nations which are in our interest and which we want to succeed: Although we do not know whether the European Defense Community will materialize or whether Indochina will be saved from Soviet domination, it is essential that nothing we do should prevent ratification of the EDC or contribute to a collapse in Indochina. It is essential that the United States give tangible evidence of our continued determination to counteract Soviet aggression, our desire to continue what has begun, and our confidence that the course we are following will be successful.

(e) Strengthen our ties of cooperation and friendship with the economically underdeveloped nations of the world: The cooperation and support of the economically less developed areas of the world are a critical factor in the efforts of the United States to meet the Soviet threat and to establish sound and expanding economic relationships among the free nations. The technical cooperation program and other economic development programs are doing much to gain and strengthen such cooperation and support.

Many nations of southeast Asia, the Near East, and Africa have recently emerged from colonial status under European powers. Within the boundaries of such countries lie important strategic materials, and their location gives them command of major sea and air routes. It is in our interest that they do not fall under Soviet control. The people of these countries tend to regard the United States as pro-European and are particularly vulnerable to Soviet propaganda. To many of them, joining the United States and the Western European powers in a defense program is paving the way for new foreign domination.

It is necessary to recognize that many of these countries, if left to themselves, would be the victims of Soviet subversion, although they are not pro-Communist, and although foreign domination is feared by them more than anything else. The United States must do what it can to work with these people, recognizing that the task is difficult and progress will be slow. The alternative is losing them to communism.

(f) Curtail expenditures in order that the budget may be brought into balance and that the strength of the United States be maintained: In order for the United States to continue its role as the leader in the resistance to Soviet aggression and to be able to give effective backing to other free nations when the need arises, it is essential that United States expenditures be reduced as rapidly as possible.

(g) Eliminate all aspects of the foreign operations program not essential to meeting the situation which confronts the United States today: The original foreign-aid programs were designed to meet a postwar emergency. The conditions which the original legislation was designed to deal with have changed substantially. There is a danger that the bureaucratic process perpetuates programs and operations previously begun which would not be started if the operation was just being initiated. This bill repeals all of the previous foreign-aid legislation and makes provision only for operations which are essential to present-day United States foreign policy.

On the second fact:

First. An effective United States-British alliance will do more to combat communism than anything else at this time.

Second. Whenever the free world takes a united definite stand the Communists react with concessions. But when the West shows signs of weakening or begs for peace, then we get demands and threats from them. To bring the Communists to reason, "The West must build its strength, not plead its weakness."

It seems from statements coming out of this weekend conference that—

United States and British agree on Europe.

EDC must and will come into being.

In Asia the collective pact is vague; I simply do not, and will not, support a Locarno-type pact. The committee unanimously adopted an amendment to this bill expressing this feeling.

What is wrong?

Many fear voting vast authority to our Executive without a definite policy in the Far East.

Many call for an appraisal of the administration's foreign policy.

I agree it would be well to have an appraisal of the foreign policy of the United States, as well as to ask our British friends to reappraise their recent statements which, to our minds, seem conflicting.

I object to the trial balloon statements of spokesmen of the Republican Party, such as the well known, first, retaliation speech; and, second, boys may have to go to Indochina, then a retraction.

I believe these actions are directly aiding the Communist stronghold by a fluctuating policy of anticommunism. I am incensed by the last speech of the Vice President in Milwaukee on June 26, particularly that part of his speech in which he accused the previous administration of being directly responsible for the loss of China, and, hence, for the Korean war and the current crisis in Indochina. It seems to me that this is a new low in accusations. It is also detrimental to a bipartisan foreign policy.

This might be a good time to be eloquent about standing at a crossroad of history. Such eloquence reads well after the period has passed. But right now I, as an American, am thinking of our debt to those enslaved people all over the world whose voices are silent because of the omnipotence of a godless power so foreign to us that we do not understand its language. All we see is its diabolical effect. For this reason alone we should all vote in favor of the mutual-security bill.

The CHAIRMAN. The Chair is informed that there are six amendments in the offing, one pending at the desk and five to be offered from the floor. The Chair will yield 1 minute on each amendment. The Clerk will report the first amendment, the one offered by the gentleman from New Jersey [Mr. WILLIAMS].

The Clerk read as follows:

Amendment offered by Mr. WILLIAMS of New Jersey: Page 65, line 5, after "reserve" insert "and the provisions of section 1105 of the Foreign Service Act shall apply in the case of such persons;" and on page 65, line 14, strike out "and 528" and insert in lieu thereof "528 and 1105."

The gentleman from New Jersey is recognized for 1 minute.

Mr. RICHARDS. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMS of New Jersey. I yield.

Mr. RICHARDS. I may say to the gentleman from New Jersey that so far as I am concerned I think it is a good amendment. It tends to take politics out of foreign aid.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMS of New Jersey. I yield.

Mr. VORYS. I would like to say that it attempts to put FOA into the Foreign Service, and I am against this amendment.

The CHAIRMAN. The gentleman from New Jersey may proceed.

Mr. WILLIAMS of New Jersey. Mr. Chairman, the amendment I propose is designed to improve the efficiency of the administration of FOA. I feel very strongly that the personnel practices in FOA should be devoid of any partisan politics or patronage considerations just as the State Department is operated on a bipartisan personnel basis, and this amendment would take the provision that applies in the Foreign Service and incorporate it in this bill. I feel that it

would insure the bipartisan personnel practice that I feel is so important to the efficient administration of this act.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Jersey [Mr. WILLIAMS].

The question was taken; and on a division (demanded by Mr. WILLIAMS of New Jersey) there were—ayes 120, noes 128.

Mr. SHELLEY. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. VORYS and Mr. WILLIAMS of New Jersey.

The Committee again divided; and the tellers reported that there were—ayes 154, noes 165.

So the amendment was rejected.

Mr. VORYS. Mr. Chairman, I am inserting in the RECORD at this point the further comments I would have made on the Williams amendment had time permitted. He very kindly permitted me to register my objection in a sentence during the 1 minute that was allotted to him, but time did not permit my further comment.

His amendment was directed to section 527, dealing with employment of personnel in FOA.

Subsection (b) permits the employment in the United States of 60 persons without regard to civil service laws. These are the supergrade people, including the policymaking group. The Williams amendment did not affect this group. Apparently he recognized the validity of having such a group represent the administration viewpoint, the policy of the party in power.

The Williams amendment was directed solely to the overseas officers and employees. His amendment made no allowance for a similar supergrade policymaking group in our missions abroad. Although 16 mission chiefs are taken care of in another section, the amendment would apply to the chiefs of missions in many countries and to all other policymaking officials serving outside the United States.

There are approximately three times as many FOA people overseas as there are in Washington. This may not require 3 times 60, or 180, exemptions from civil service laws overseas, but it gives some measure of the sweeping effect of the Williams amendment, which would have left only 16 exemptions.

There is another reason I opposed his amendment. We have simply not solved the problem of what to do about FOA staffs. What started out as a temporary emergency group is becoming for many a career service. I am opposed to a separate permanent Foreign Operations Administration or United States Information Agency, as I stated Monday on the floor and have stated publicly many times. The Wriston report on the Foreign Service does not attempt to solve this problem. I do not want to see our Foreign Service amalgamated with FOA and USIA unless they are all to be in the State Department. I do not want FOA people to have all the benefits of the Foreign Service unless they assume all the obligations. The tendency is in this direction. I want to stop that tendency.

Therefore I opposed the Williams amendment as another step toward getting FOA people into the Foreign Service by the back door.

Mr. GROSS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GROSS, of Iowa: On page 42, line 14, strike out all of section 415.

Mr. GROSS. Mr. Chairman, this amendment seeks to strike out section 415 which provides that funds made available pursuant to this act may be used to pay the expenses of travel of any resident of the United States to the Union of Soviet Socialist Republics for the purpose of establishing permanent residence there: Provided, that such resident shall not be readmitted to the United States.

If this bill were subject to a point of order, this section would go out. It has no place in the bill. If funds are to be voted for this purpose, they should not be used to ship people to Russia, whether to establish permanent residence there or not.

Mr. WILLIAMS of Mississippi. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield.

Mr. WILLIAMS of Mississippi. Has the purpose of this section in the bill been explained by the committee?

Mr. GROSS. No explanation of it has been given by anyone. I doubt if the committee can give a reasonable explanation.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. GROSS].

The question was taken; and on a division (demanded by Mr. VORYS) there were ayes 70, noes 74.

Mr. GROSS. Mr. Chairman, I demand tellers.

Tellers were ordered.

The Committee again divided; and the tellers reported that there were—ayes 75, noes 113.

So the amendment was rejected.

Mr. GROSS. Mr. Chairman, I offer a further amendment.

The Clerk read as follows:

Amendment offered by Mr. GROSS: On page 44, line 1, strike out all of section 418.

Mr. GROSS. Mr. Chairman, this motion would strike out section 418, which provides that the President be made the indirect head of a travel agency to encourage the travel of United States citizens to foreign countries and citizens of foreign countries to the United States. It also provides that the administrative expenses of this glorified travel bureau be paid out of the funds provided in this bill which of course come from the taxpayers. I suggest that there are enough private travel agencies to handle this traffic.

I ask that the motion be adopted.

Mr. JAVITS. Mr. Chairman, extensive hearings were held before the Subcommittee on Foreign Economic Policy of the Committee on Foreign Affairs on a bill in principle similar to this section. These hearings were entitled "To promote the foreign policy of the United States by fostering international travel

and exchange of persons." These hearings extending over a period of about 2 months produced enormous support for the need of our Government to aid in facilitating and increasing international travel both from and into the United States. It was made clear that this can be the greatest single source of trade not aid.

In 1953 United States tourists spent over a billion dollars for international travel in dollar expenditure in foreign countries and based upon United States national income there is a foreign travel expenditure potential of \$2 billion or more. It is vital to know that foreign travelers spent an estimated \$600 million in the United States, too, in the same period. This proposal has well-nigh universal support from all forms of transportation, train, bus, airplane and ship from chambers of commerce, trade union and many other organizations as well as from the Government departments. It was made very clear that there would be no competition of any kind with private business; on the contrary the opportunities for the travel industry and private business could be greatly increased. Also it was emphasized that the important thing was that Government prestige and the Government's existing facilities could help so much and that no promotional or other expenditures were contemplated.

It is symptomatic of the great support this proposal has received that as recently as June 16, the Board of Directors of the National Association of Manufacturers adopted a resolution urging that to realize the potential inherent in foreign travel as an element of trade not aid there must be a coordination of effort on the part of shipping and airlines, those that provide accommodations abroad, and all governments including the United States in eliminating burdensome frontier formalities, and in travel promotion—including better publicizing of tariff exemptions applicable to travelers at wholesale prices—particularly during the off-season months. The vital influence of foreign travel in terms of education and better relations between the peoples of the free world is of course so very well known as to require only statement rather than emphasis.

[Mr. HARRISON of Virginia addressed the Committee. His remarks will appear hereafter in the Appendix.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. GROSS].

The amendment was rejected.

Mr. GROSS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GROSS: On page 64, line 1, strike out all of subsection (b).

Mr. GROSS. Mr. Chairman, this motion provides for the striking out of subsection (b) which provides that 60 persons may be compensated without regard to the provisions of the classification act of 1949 and that 35 of the 60 may be put in the super grades, 16, 17 and 18. This is legislation that properly belongs to the House Post Office and Civil Service Committee.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield.

Mr. JUDD. This language is all in existing law except that existing law provides for 100 in the first category mentioned by the gentleman and the bill cuts it down to 60. Existing law provides 50 at grades above 15 which we cut to 35. The committee reduced by 30 percent and 40 percent respectively the number who are already serving in those grades.

Mr. GROSS. Yes, you have a total of 60 in this bill.

Mr. JUDD. There are 100 of these top jobs now on the list, and we cut it to 60.

Mr. GROSS. Yes, you did cut it. You still have 60 and that is 60 too many.

Mr. JUDD. That is right, we still have 60.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. GROSS].

The amendment was rejected.

Mr. GROSS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GROSS: On page 66, beginning at line 17, strike out all of section 529.

Mr. GROSS. Mr. Chairman, this motion would strike out section 529 which gives the President power to pick out people anywhere in the executive branch of the Government and put them in the business of administering this give-away program. I am opposed to it. I do not think the President or any of his subordinates ought to have that kind of power. Mr. Chairman, I ask that the motion be adopted.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. GROSS. No, you can go ahead and vote against the motion.

Mr. JUDD. This is all in existing law.

Mr. GROSS. Oh, sure, I know it—I was trying to get it out.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. GROSS].

The amendment was rejected.

Mr. GROSS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GROSS: On page 72, beginning on line 22, strike out all of section 533.

Mr. CURTIS of Missouri. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield.

Mr. CURTIS of Missouri. I want to call the attention of the committee to the fact that this is changed language. It is exactly what the Committee on Ways and Means refused to give the administration when they tried to amend the Renegotiation Act. I hope this amendment is adopted.

Mr. VORYS. This is in existing law.

Mr. GROSS. Mr. Chairman, I did not yield to the gentleman from Ohio. I have yielded to the gentleman from Missouri.

Mr. CURTIS of Missouri. It is not in existing law.

Mr. GROSS. Mr. Chairman, I decline to yield to the gentleman from Ohio. He refused to yield to me.

Mr. CURTIS of Missouri. Existing law has been amended and the language has been changed materially. If you would give us more time to discuss these things, maybe we could get to the bottom of it.

Mr. GROSS. Mr. Chairman, this is authority for the making and modification of contracts and the unbridled power to spend billions of dollars which no President of the United States ought to ask for, and it is the kind of power that any President of this Republic ought to refuse.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. GROSS].

The question was taken; and on a division (demanded by Mr. GROSS) there were—ayes 122, noes 71.

So the amendment was agreed to.

The CHAIRMAN. The gentleman from Ohio is recognized for the last remaining minute.

Mr. JAVITS. Mr. Chairman, I ask unanimous consent to extend my remarks after the amendment was disposed of with reference to section 418, and I make the same request for the gentleman from Virginia [Mr. HARRISON].

The CHAIRMAN. Is there objection? There was no objection.

Mr. VORYS. Mr. Chairman, I yield back my time.

Mr. FULTON. Mr. Chairman, I ask unanimous consent to extend my remarks.

The CHAIRMAN. Is there objection? There was no objection.

Mr. JUDD. Mr. Chairman, I desire recognition as a member of the committee. Just to state the facts on this matter about which there was disagreement a moment ago, with reference to the language on waiving contract laws, that was voted out of the bill. That language is in existing law.

Mr. CURTIS of Missouri. A point of order, Mr. Chairman.

The CHAIRMAN. The gentleman will state it.

Mr. CURTIS of Missouri. The gentleman was speaking without being recognized.

The CHAIRMAN. He had been recognized for 10 seconds as a member of the committee.

Mr. FULTON. Mr. Chairman, I oppose aid to Yugoslavia under this bill which is to support the Tito dictatorship imposed and maintained by force over the Yugoslav people. This is a Communist government and not one of the free nations, and we will later regret this action.

I strongly oppose jet planes being supplied to the Yugoslav government under this program as I do not trust this government staying with the west. This jet airforce is a threat to nearby nations and peoples, particularly our good friends, the Italian people.

How can we support a policy that supports repression of freedom, repression of religious and civil liberty, and

repression of any opportunity by force of any chance of a free Yugoslav to arise.

How can I tell my people who are unemployed or on part-time that this Yugoslav economic aid program instituted by the Truman administration, is being continued year after year? I urge the Congress to reconsider this program of economic and military aid to Tito as we have no control over the equipment once granted and cannot prevent its arbitrary use or unjustified use against any nearby country. This is not in accord with our tradition as a peace loving and free Nation.

Mr. WILLIAMS of Mississippi. Mr. Chairman, I offer a preferential motion. The Clerk read as follows:

Mr. WILLIAMS of Mississippi moves that the Committee do now rise and report the bill back to the House, with the recommendation that the enacting clause be stricken out.

The CHAIRMAN. The gentleman is recognized for 5 minutes in support of his motion.

Mr. WILLIAMS of Mississippi. Mr. Chairman, I did not intend to take any time on this bill, and I would like to apologize to the Committee for using this method of getting time. When I finish what I have to say I will ask unanimous consent that the motion be withdrawn.

Until I heard the speech of the gentleman from South Carolina [Mr. RICHARDS] I had not intended to speak on this bill.

But, for the benefit of those who have just come to Congress in the last session or so, and in order to remind those who have been here for some time, the gentleman from South Carolina [Mr. RICHARDS] made exactly the same speech that he and other supporters of foreign aid have been making down through the years. I have heard it now for 8 years. They go all the way around the world and never roll their wheels on the ground. I succumbed to that kind of argument in my first year in Congress and voted for this international handout; but if the Lord will just let me live long enough, and if my good people back home will just continue to return me to Congress, that is one sin I hope to atone for.

We have wasted forty-odd billion dollars on fair-weather friends all over the world, and in some cases we have subsidized our enemies.

There are a few questions that have not been answered in the 8 years that I have been in Congress. I dare say they will not be answered even if we continue these programs for another hundred years.

I hope that the gentleman from North Carolina—

Mr. VORYS. South Carolina.

Mr. WILLIAMS of Mississippi. I stand corrected; it is South Carolina—and he is my good friend, except, of course, when foreign-aid bills come up; but I think we are entitled to an answer to some of these questions before we reach a vote on this legislation.

How many friends, Mr. RICHARDS and members of the committee, have we bought with this \$40 billion that we have spent? Where are those friends now? Where were they back when we were in combat in Korea?

Where were those friends when we had to send American boys to fight their battles and suffered 130,000 American casualties in Korea?

How many wars have we prevented with foreign aid? Did we prevent the Korean war with foreign aid? Are we preventing bloodshed in Indochina today with foreign aid? Are we any further away from war now than we were when we started this foreign-aid program?

Here is another question to which we are entitled to an answer: You told us in 1948 that this was a 4-year program and that it was going to stop in 1952. When, oh when, are we going to stop it? Here it is 1954 and we are going right into 1956 and 1957. We have a \$10 billion carry-over, and no end is yet in sight.

Mr. SMITH of Mississippi. Mr. Chairman, if the gentleman will yield, I would like to answer one of the gentleman's questions.

Mr. WILLIAMS of Mississippi. I do not have time. Let us let the gentleman from South Carolina [Mr. RICHARDS] answer if he wants to.

Mr. SMITH of Mississippi. Then do not ask questions if you do not want them answered.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMS of Mississippi. Mr. Chairman, I refuse to yield further. I do not have enough time as it is. These fellows can get time to answer me, if they have the answers.

Mr. RICHARDS. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMS of Mississippi. I just said I refused to yield. You can reply on your own time, if you have the answers to my questions.

Mr. RICHARDS. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. RICHARDS. Is it not a rule of the House when another Member's name is mentioned and a question is propounded to him that the Member controlling the time should yield?

The CHAIRMAN. It is not. The gentleman from Mississippi refuses to yield.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMS of Mississippi. Just a minute. We have a cotton surplus in this country, and I think we are entitled to know how much of the cotton surplus is due to American-subsidized foreign production that is glutting the market. The same holds true throughout the agricultural field. I think we are entitled to that information, but, alas, the committee has not furnished it to us. How much economic aid is there hidden in the so-called defense support in this bill? How much is the total amount of economic aid contained in this bill? Can anybody tell us in round and understandable figures?

The speech of the gentleman from South Carolina left the implication with the House that anybody who did not vote for this legislation was against adequate defenses for the United States. I would like to ask him, or anyone else, how long our six divisions could hold the continent of Europe if Russia decided to move

in? I know you say we must have help from our allies, and that is true, but the only answer to American security is in being strong ourselves, militarily, economically, and spiritually. Friends cannot be bought with bribes, but they will side with strength.

Much new authority in this bill is given to the President. It practically writes him a blank check. It grants more power to him than should be given any individual, no matter who he might be.

I intend in a few minutes to offer a motion to recommit the bill.

I hope that the Members of the House will recognize the fact that this bill has been ill-considered. Even though many Members favor a reasonable and adequate foreign-aid program they should recognize the fact that Congress should defend its own prerogatives, and not continue to surrender the powers of Congress to the Executive. The bill should be recommitted.

Mr. VORYS. Mr. Chairman, I rise in opposition to the motion.

Mr. RICHARDS. Mr. Chairman, will the gentleman yield me a minute?

Mr. VORYS. I have but 5 minutes, but I yield to my friend from South Carolina.

Mr. RICHARDS. I will be as brief as possible.

The gentleman from Mississippi talks about my position over the years here. I hope that position has been consistent. I have been trying to travel a different road from the road traveled by the gentleman from Mississippi. I have traveled by my own lights. Certainly he has been the one who each year, as regular as clockwork has offered this amendment to recommit. It has gotten to be stereotyped and commonplace.

I would like to say for the benefit of the gentleman from Mississippi that he reminds me very much of the old swamp owl down in one of those Mississippi swamps: The more light you shine in his eyes the blinder he gets.

Mr. VORYS. Mr. Chairman, I want to say a word about the gentleman from South Carolina.

Mr. Chairman, 16 years ago, the gentleman from South Carolina [Mr. RICHARDS] and I stood shoulder to shoulder in an effort to prevent our going into World War II in the name of keeping out of it. In later years we stood together to cut this program and to endeavor to get the Europeans together. We have had some fights from time to time. But he is a wonderful man to have at your side, and I would like to pay my tribute to him at this time.

Mr. Chairman, I do not want to take any time to argue or to reargue any of the provisions of this 82-page bill. It represents for me personally the end of a year of effort when I got the committee to write in a promise that we would try to have a review of all of our foreign operations laws. It has been a long, arduous task. We have been in committee meetings for nearly 3 months.

I want to say that this program, or the parts of it that are the same as they have been for 8 years, is due to the fact that the problems and the peril continue, the dire, grim Communist threat continues year after year, and is going

to continue for some time. We intend to face the situation firmly and steadily.

We are here in a time of crisis. We are discussing this bill under tense and deep emotions on the part of our brethren on the floor. But I want to thank the Members of the House for their gentlemanly, courteous, fair consideration of the committee and its spokesman during the past 2 or 3 days. I close with that tribute to the levelheaded, courteous kindness of my brethren here in this great legislative body.

The CHAIRMAN. The question is on the motion offered by the gentleman from Mississippi [Mr. WILLIAMS].

The motion was rejected.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. BROWN of Ohio, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (H. R. 9678) to promote the security and foreign policy of the United States by furnishing assistance to friendly nations, and for other purposes, pursuant to House Resolution 600, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment?

Mr. McCORMACK. Mr. Speaker, I demand a separate vote on the Vorys amendment on page 14. I intend to ask for a rollcall. I think that amendment is so important that we ought to have a rollcall.

The SPEAKER. Is a separate vote demanded on any other amendment? If not, the Chair will put them en bloc.

The amendments were agreed to.

The SPEAKER. The Clerk will report the amendment on which a separate vote has been demanded.

The Clerk read as follows:

Amendment offered by Mr. VORYS: On page 14 after line 8, insert the following: "It is the sense of the Congress that no part of the funds appropriated under this section shall be used on behalf of governments which are committed by treaty to maintain Communist rule over any defined territory of Asia."

The SPEAKER. Without objection, the previous question is ordered.

There was no objection.

The SPEAKER. The question is on the amendment.

Mr. McCORMACK. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 389, nays 0, not voting 45. as follows:

[Roll No. 91]

YEAS—389

Abbitt	Arends	Bender
Abernethy	Ashmore	Bennett, Fla.
Adair	Aspinall	Bennett, Mich.
Addonizio	Auchincloss	Bentley
Alexander	Ayres	Bentsen
Allen, Calif.	Bailey	Berry
Allen, Ill.	Baker	Betts
Andersen,	Barrett	Bishop
H. Carl	Bates	Blatnik
Andersen,	Battle	Boggs
August H.	Becker	Boland
Andrews	Belcher	Bolling

Bolton, Frances P.
Bolton, Oliver P.
Bonner
Bosch
Bow
Bowler
Boykin
Bramblett
Bray
Brooks, La.
Brooks, Tex.
Brown, Ga.
Brown, Ohio
Brownson
Broyhill
Buchanan
Budge
Burleson
Bush
Byrd
Byrne, Pa.
Byrnes, Wis.
Campbell
Canfield
Cannon
Carlyle
Carnahan
Carrigg
Cederberg
Celler
Chelf
Chenoweth
Chiperfield
Chudoff
Church
Clardy
Clevenger
Cole, Mo.
Cole, N. Y.
Colmer
Cooley
Coon
Cooper
Corbett
Cotton
Coudert
Cretella
Crosser
Crumpacker
Cunningham
Curtis, Mass.
Curtis, Mo.
Dague
Davis, Ga.
Davis, Tenn.
Davis, Wis.
Dawson, Ill.
Dawson, Utah
Deane
Delaney
Dempsey
Derounian
Devereux
D'Ewart
Dies
Dollinger
Dolliver
Dondero
Donohue
Donovan
Dorn, N. Y.
Dorn, S. C.
Dowdy
Doyle
Durham
Eberharther
Edmondson
Elliott
Ellsworth
Engle
Evins
Fallon
Fenton
Fernandez
Fine
Fino
Fisher
Fogarty
Forand
Ford
Forrester
Fountain
Frazier
Frelinghuysen
Friedel
Fulton
Gamble
Garmatz
Gary
Gathings
Gavin
Gentry
George

Golden
Goodwin
Gordon
Graham
Granahan
Green
Gregory
Gross
Gubser
Gwinn
Hagen, Calif.
Hagen, Minn.
Haley
Halleck
Hand
Harden
Hardy
Harris
Harrison, Nebr.
Harrison, Va.
Harrison, Wyo.
Hart
Harvey
Hays, Ark.
Hébert
Herlong
Heseltan
Hess
Hiestand
Hill
Hillelson
Hinshaw
Hinschaw
Hoeven
Hoffman, Ill.
Hoffman, Mich.
Holifield
Holmes
Holt
Holtzmann
Hope
Hosmer
Howell
Hruska
Hunter
Hyde
Ikard
Jackson
James
Jarman
Javits
Jenkins
Jensen
Johnson, Calif.
Johnson, Wis.
Jonas, Ill.
Jonas, N. C.
Jones, Ala.
Jones, Mo.
Jones, N. C.
Judd
Karsten, Mo.
Kean
Kearney
Keating
Kee
Kelley, Pa.
Kelly, N. Y.
Keogh
Kilburn
Kilday
King, Calif.
King, Pa.
Kirwan
Klein
Kluczynski
Knox
Krueger
Laird
Landrum
Lane
Lanham
Lantaff
Latham
Lipscomb
Lovre
McCarthy
McConnell
McCormack
McCulloch
McDonough
McGregor
McIntire
McMillan
McVey
Mack, Ill.
Mack, Wash.
Madden
Magnuson
Mahon
Marshall
Martin, Iowa
Matthews
Merrill
Morrow
Metcalf

Miller, Calif.
Miller, Kans.
Miller, Md.
Miller, N. Y.
Mills
Mollohan
Morano
Morgan
Moss
Moulder
Multer
Mumma
Natcher
Neal
Nelson
Nicholson
Norrell
Oakman
O'Brien, Ill.
O'Brien, Mich.
O'Brien, N. Y.
O'Hara, Ill.
O'Hara, Minn.
O'Konski
O'Neill
Osmers
Ostertag
Passman
Patman
Patten
Patterson
Pelly
Perkins
Philbin
Phillips
Pilcher
Poage
Poff
Polk
Preston
Price
Priest
Prouty
Rabaut
Radwan
Rains
Ray
Rayburn
Reams
Reece, Tenn.
Reed, Ill.
Reed, N. Y.
Rees, Kans.
Rhodes, Ariz.
Rhodes, Pa.
Richards
Riehlman
Rivers
Roberts
Robeson, Va.
Robison, Ky.
Rodino
Rogers, Colo.
Rogers, Fla.
Rogers, Mass.
Rogers, Tex.
Rooney
Roosevelt
Sadlak
St. George
Saylor
Schenck
Scherer
Scott
Scrivner
Scudder
Secrest
Seely-Brown
Selden
Shafer
Sheehan
Shelley
Sheppard
Short
Shuford
Sieminski
Sikes
Simpson, Ill.
Simpson, Pa.
Small
Smith, Kans.
Smith, Miss.
Smith, Va.
Smith, Wis.
Spence
Springer
Staggers
Stauffer
Steed
Stringfellow
Sullivan
Taber
Talle
Taylor
Teague

Thomas
Thompson, La.
Thompson, Mich.
Thompson, Tex.
Thornberry
Tollefson
Trimble
Tuck
Utt
Van Pelt
Van Zandt
Velde
Vinson
Vorys

Vursell
Wainwright
Walter
Wampler
Warburton
Watts
Westland
Wharton
Whitten
Wickersham
Widnall
Wier
Wigglesworth
Williams, Miss.
Williams, N. J.

Williams, N. Y.
Willis
Wilson, Calif.
Wilson, Ind.
Winstead
Withrow
Wolcott
Wolverton
Yates
Yorty
Young
Younger
Zablocki

NOT VOTING—45

Albert
Angell
Barden
Beamer
Bonin
Buckley
Burdick
Busbey
Camp
Chatham
Condon
Curtis, Nebr.
Dingell
Dodd
Feighan

Grant
Hale
Hays, Ohio
Heller
Hillings
Horan
Kearns
Kersten, Wis.
LeCompte
Lesinski
Long
Lucas
Lyle
Machrowicz
Malliard

Mason
Meader
Miller, Nebr.
Morrison
Murray
Norblad
Pfost
Pillion
Powell
Regan
Riley
Sutton
Welchel
Wheeler
Wilson, Tex.

So the amendment was agreed to.

The Clerk announced the following pairs:

Mr. LeCompte with Mr. Chatham.
Mr. Mason with Mr. Morrison.
Mr. Miller of Nebraska with Mrs. Pfost.
Mr. Curtis of Nebraska with Mr. Wilson of Texas.
Mr. Bonin with Mr. Lyle.
Mr. Horan with Mr. Regan.
Mr. Hillings with Mr. Hays of Ohio.
Mr. Beamer with Mr. Camp.
Mr. Meader with Mr. Wheeler.
Mr. Mailliard with Mr. Barden.
Mr. Kearns with Mr. Buckley.
Mr. Angell with Mr. Heller.
Mr. Busbey with Mr. Machrowicz.
Mr. Pillion with Mr. Powell.
Mr. Welchel with Mr. Dingell.
Mr. Kersten of Wisconsin with Mr. Dodd.
Mr. Burdick with Mr. Riley.
Mr. Norblad with Mr. Lesinski.

Mr. BLATNIK changed his vote from "yea" to "nay."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

Mr. WILLIAMS of Mississippi. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. WILLIAMS of Mississippi. Unqualifiedly.

The SPEAKER. The gentleman qualifies. The Clerk will report the motion.

The Clerk read as follows:

Mr. WILLIAMS of Mississippi moves to recommit the bill to the Committee on Foreign Affairs.

The SPEAKER. The question is on the motion to recommit.

Mr. WILLIAMS of Mississippi. Mr. Speaker, on that I ask for the yeas and nays.

The SPEAKER (after counting). Fifty-five Members have risen; not a sufficient number.

So the yeas and nays were refused.

The question was taken; and on a division (demanded by Mr. Gross and Mr. WILLIAMS of Mississippi) there were—aye 75, noes 172.

So the motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

Mr. RICHARDS. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 260, nays 126, answering "present" 2, not voting 46, as follows:

[Roll No. 92]

YEAS—260

Addonizio
Allen, Calif.
Allen, Ill.
Arends
Aspinall
Auchincloss
Ayres
Baker
Barrett
Bates
Becker
Bender
Blatnik
Boggs
Boland
Bolling
Bolton, Francis P.
Bolton, Oliver P.
Bosch
Bowler
Boykin
Brooks, Tex.
Brown, Ga.
Brownson
Broyhill
Buchanan
Burleson
Bush
Byrd
Byrne, Pa.
Byrnes, Wis.
Campbell
Canfield
Cannon
Carnahan
Carrigg
Celler
Chelf
Chenoweth
Chiperfield
Chudoff
Cole, N. Y.
Condon
Cooper
Corbett
Cotton
Coudert
Cretella
Crosser
Cunningham
Curtis, Mass.
Curtis, Mo.
Dague
Davis, Ga.
Davis, Tenn.
Davis, Wis.
Dawson, Ill.
Dawson, Utah
Deane
Delaney
Dempsey
Derounian
Devereux
D'Ewart
Dies
Dollinger
Dolliver
Dondero
Donohue
Donovan
Dorn, N. Y.
Dorn, S. C.
Dowdy
Doyle
Durham
Eberharther
Edmondson
Elliott
Ellsworth
Engle
Evins
Fallon
Fenton
Fernandez
Fine
Fino
Fisher
Fogarty
Forand
Ford
Forrester

Frazier
Frelinghuysen
Friedel
Fulton
Gamble
Garmatz
Gary
Gathings
Golden
Goodwin
Gordon
Graham
Granahan
Green
Gregory
Gubser
Hagen, Calif.
Halleck
Harden
Hardy
Harris
Hart
Hays, Ark.
Hébert
Heseltan
Hess
Hiestand
Hill
Hinshaw
Holifield
Holmes
Holt
Holtzman
Hope
Hosmer
Howell
Hunter
Hyde
Ikard
Jackson
James
Jarman
Javits
Jenkins
Johnson, Calif.
Johnson, Wis.
Jones, Ala.
Jones, Mo.
Judd
Karsten, Mo.
Kean
Kearney
Keating
Kee
Kelley, Pa.
Kelly, N. Y.
Keogh
Kilburn
Kilday
Kirwan
Klein
Kluczynski
Lane
Lanham
Lantaff
Latham
Lipscomb
Lovre
McCarthy
McConnell
McCormack
McCulloch
McDonough
McGregor
McIntire
McMillan
McVey
Mack, Ill.
Mack, Wash.
Madden
Magnuson
Mahon
Marshall
Martin, Iowa
Matthews
Merrill
Morrow
Metcalf

Miller, Md.
Miller, N. Y.
Mollohan
Morano
Morgan
Moss
Multer
Mumma
Natcher
Oakman
O'Brien, Ill.
O'Brien, Mich.
O'Brien, N. Y.
O'Hara, Ill.
O'Neill
Osmers
Ostertag
Patman
Patterson
Pelly
Perkins
Philbin
Pilcher
Poage
Poff
Polk
Preston
Price
Priest
Prouty
Rabaut
Radwan
Rains
Ray
Rayburn
Reams
Rhodes, Ariz.
Rhodes, Pa.
Richards
Riehlman
Rivers
Roberts
Robison, Ky.
Rodino
Rogers, Colo.
Rogers, Mass.
Rooney
Roosevelt
Sadlak
St. George
Scott
Scudder
Seely-Brown
Shelley
Sheppard
Sieminski
Simpson, Pa.
Small
Smith, Miss.
Spence
Springer
Staggers
Stauffer
Steed
Sullivan
Taber
Talle
Taylor
Teague

Wickersham	Williams, N. Y.	Yates
Widnall	Wilson, Calif.	Yorty
Wier	Wilson, Ind.	Young
Wigglesworth	Wolcott	Younger
Williams, N. J.	Wolverton	Zablocki

NAYS—126

Abbitt	Dorn, S. C.	Nicholson
Abernethy	Dowdy	Norrell
Adair	Durham	O'Hara, Minn.
Alexander	Fisher	O'Konski
Andersen,	Fountain	Passman
H. Carl	Gavin	Patten
Andresen,	Gentry	Phillips
August H.	George	Reece, Tenn.
Andrews	Gross	Reed, Ill.
Ashmore	Hagen, Minn.	Reed, N. Y.
Bailey	Haley	Rees, Kans.
Battle	Hand	Robeson, Va.
Belcher	Harrison, Nebr.	Rogers, Fla.
Bennett, Fla.	Harrison, Va.	Rogers, Tex.
Bennett, Mich.	Harrison, Wyo.	Saylor
Bentley	Harvey	Schenck
Bentsen	Herlong	Scherer
Berry	Hillelson	Scrivner
Betts	Hoeven	Selden
Bishop	Hoffman, Ill.	Shafer
Bonner	Hoffman, Mich.	Sheehan
Bow	Hruska	Short
Bramblett	Jensen	Shuford
Bray	Jonas, Ill.	Sikes
Brooks, La.	Jonas, N. C.	Simpson, Ill.
Brown, Ohio	Jones, N. C.	Smith, Kans.
Budge	King, Pa.	Smith, Va.
Carlyle	Knox	Smith, Wis.
Cederberg	Krueger	Stringfellow
Church	Laird	Talle
Clardy	Landrum	Thomas
Clevenger	Love	Thompson, La.
Cole, Mo.	McCulloch	Thompson,
Colmer	McGregor	Mich.
Cooley	McIntire	Tuck
Coon	McMillan	Utt
Crumpacker	McVey	Van Pelt
Davis, Wis.	Mack, Wash.	Van Zandt
Deane	Martin, Iowa	Velde
Dempsey	Mills	Williams, Miss
D'Ewart	Moulder	Willis
Dies	Neal	Winstead
Dondero	Nelson	Withrow

ANSWERING "PRESENT"—2

Dolliver	Whitten
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NOT VOTING—46

Albert	Hale	Miller, Nebr.
Angell	Hays, Ohio	Morrison
Barden	Heller	Murray
Beamer	Hillings	Norblad
Bonin	Horan	Pfost
Buckley	Kearns	Pillion
Burdick	Kersten, Wis.	Powell
Busbey	LeCompte	Regan
Camp	Lesinski	Riley
Chatham	Long	Secrest
Curtis, Nebr.	Lucas	Sutton
Dingell	Lyle	Weichel
Dodd	Machrowicz	Wheeler
Feighan	Mailliard	Wilson, Tex.
Grant	Mason	
Gwinn	Meador	

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. LeCompte for, with Mr. Dolliver against.

Mr. Chatham for, with Mr. Lyle against.

Mr. Hays of Ohio for, with Mr. Barden against.

Mr. Machrowicz for, with Mr. Busbey against.

Mr. Buckley for, with Mr. Regan against.

Mr. Camp for, with Mr. Wilson of Texas against.

Mr. Morrison for, with Mr. Wheeler against.

Mr. Powell for, with Mr. O'Konski against.

Mr. Hillings for, with Mr. Mason against.

Mr. Mailliard for, with Mr. Curtis of Nebraska against.

Mr. Heller for, with Mr. Beamer against.

Mrs. Pfost for, with Mr. Miller of Nebraska against.

Mr. Dingell for, with Mr. Whitten against.

Mr. Feighan for, with Mr. Weichel against.

Mr. Dodd for, with Mr. Secrest against.

Mr. Lesinski for, with Mr. Long against.

Until further notice:

Mr. Horan with Mr. Lucas.

Mr. Angell with Mr. Sutton.

Mr. Kearns with Mr. Grant.
Mr. Bonin with Mr. Albert.
Mr. Norblad with Mr. Murray.
Mr. Hale with Mr. Riley.

Mr. WHITTEN. Mr. Speaker, I have a live pair with the gentleman from Michigan, Mr. DINGELL. If he were present, he would vote "yea." I voted "nay." I withdraw my vote and vote "present."

Mr. DOLLIVER. Mr. Speaker, I have a live pair with the gentleman from Iowa, Mr. LECOMPTÉ, who is absent from the city to attend the funeral of our late colleague, the delegate from Hawaii, Joseph R. Farrington. If Mr. LECOMPTÉ were present, he would vote "yea." I voted "nay." I withdraw my vote and vote "present."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND

Mr. VORYS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Ohio? There was no objection.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Carrell, one of its clerks, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 8067) entitled "An act making appropriations for the Departments of State, Justice, and Commerce, and the United States Information Agency, for the fiscal year ending June 30, 1955, and for other purposes."

The message also announced that the Senate agrees to the amendments of the House to Senate amendments Nos. 1, 17, 40, and 49 to the above-entitled bill.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 9203) entitled "An act making appropriations for the legislative branch and the judiciary branch for the fiscal year ending June 30, 1955, and for other purposes."

The message also announced that the Senate agrees to the amendment of the House to Senate amendment No. 22 to the above-entitled bill.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 9447) entitled "An act making appropriations for the Department of Labor and Health, Education, and Welfare, and related independent agencies, for the fiscal year ending June 30, 1955, and for other purposes."

The message also announced that the Senate agrees to the amendments of the

House to Senate amendments Nos. 18 and 30 to the above-entitled bill.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2475) entitled "An act to authorize the President to use agricultural commodities to improve the foreign relations of the United States, and for other purposes."

DISCHARGE PETITION FILED ON POSTAL PAY RAISE BILL

(Mr. ROONEY asked and was given permission to address the House for 1 minute.)

Mr. ROONEY. Mr. Speaker, I should like at this time to announce to the House that this morning the distinguished gentleman from Minnesota [Mr. HAGEN] placed on the Clerk's desk for signature discharge petition No. 9, which would discharge the Rules Committee from further consideration of House Resolution 590, a resolution providing for consideration of the postal salaries bill H. R. 9245, which was referred to that committee on last June 17.

I call this to the attention of all the Members hoping that they will immediately sign in sufficient numbers so as to bring up this bill, H. R. 9245, introduced by the gentleman from Pennsylvania [Mr. CORBETT], which would provide a much needed pay raise for our Postal employees. I am sure the majority of the membership of the House will support it.

TO AMEND MERCHANT MARINE ACT OF 1936

Mr. ALLEN of Illinois, from the Committee on Rules, reported the following privileged resolution (H. Res. 605, Rept. No. 2004), which was referred to the House Calendar and ordered to be printed:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 9252) to amend the Merchant Marine Act, 1936, to provide a national defense reserve of tankers and to promote the construction of new tankers, and for other purposes. After general debate, which shall be confined to the bill, and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Merchant Marine and Fisheries, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

TO AMEND THE VOCATIONAL REHABILITATION ACT

Mr. ALLEN of Illinois, from the Committee on Rules, reported the following privileged resolution (H. Res. 606, Rept. No. 2005) which was referred to the House Calendar and ordered to be printed:

83^D CONGRESS
2^D SESSION

H. R. 9678

IN THE SENATE OF THE UNITED STATES

JULY 1 (legislative day, JUNE 22), 1954

Read twice and referred to the Committee on Foreign Relations

AN ACT

To promote the security and foreign policy of the United States by furnishing assistance to friendly nations, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Mutual Security Act
4 of 1954".

5 TITLE I—MUTUAL DEFENSE ASSISTANCE

6 CHAPTER 1. MILITARY ASSISTANCE

7 SEC. 101. PURPOSE OF CHAPTER.—The Congress of
8 the United States reaffirms the policy of the United States
9 to achieve international peace and security through the
10 United Nations so that armed force shall not be used ex-

cept in the common defense. The Congress hereby finds that the efforts of the United States and other nations to promote peace and security require additional measures of support based upon the principle of continuous and effective self-help and mutual aid. It is the purpose of this chapter to authorize measures in the common defense, including the furnishing of military assistance to friendly nations and international organizations in order to promote the foreign policy, security, and general welfare of the United States and to facilitate the effective participation of such nations in arrangements for individual and collective self-defense. In furnishing such military assistance, it remains the policy of the United States to continue to exert maximum efforts to achieve universal control of weapons of mass destruction and universal regulation and reduction of armaments, including armed forces, under adequate safeguards to protect complying nations against violation and evasion.

The Congress reaffirms its previous expressions favoring the creation by the free peoples of the Far East and the Pacific of a joint organization, consistent with the Charter of the United Nations, to establish a program of self-help and mutual cooperation designed to develop their economic and social well-being, to safeguard basic rights and liberties and to protect their security and independence.

1 SEC. 102. GENERAL AUTHORITY.—Military assistance
2 may be furnished under this chapter on a grant or loan
3 basis and upon such other appropriate terms as may be
4 agreed upon, by the procurement from any source and the
5 transfer to eligible nations and international organizations of
6 equipment, materials, and services or by the provision of any
7 service, including the assignment or detail of members of
8 the Armed Forces and other personnel of the Department
9 of Defense solely to assist in an advisory capacity or to per-
10 form other duties of a noncombatant nature, including mili-
11 tary training or advice.

12 SEC. 103. AUTHORIZATIONS.—(a) There is hereby
13 authorized to be appropriated to the President, in addition
14 to appropriations authorized by sections 104 and 105, not
15 to exceed \$1,430,300,000 to carry out the purpose of this
16 chapter; and, in addition, unexpended balances of appropria-
17 tions for military assistance under each paragraph of the
18 Mutual Security Appropriation Act, 1954 (except the ap-
19 propriation for mutual special weapons planning), are hereby
20 authorized to be continued available for the purpose of this
21 chapter and to be consolidated with the appropriation
22 authorized by this subsection; all of which is hereby author-
23 ized to be continued available through June 30, 1955.

24 (b) Funds made available pursuant to subsection (a)
25 of this section shall be available for the administrative and

1 operating expenses of carrying out the purpose of this
2 chapter including expenses incident to United States partici-
3 pation in international security organizations.

4 (c) Funds made available pursuant to subsection (a)
5 of this section may be used for the procurement of equip-
6 ment or materials outside the United States unless the
7 President determines that such procurement will result
8 in one or more of the following conditions:

9 (1) Adverse effects upon the economy of the
10 United States, with special reference to any areas of
11 labor surplus, or upon the industrial mobilization base,
12 which outweigh the strategic and logistic advantages
13 to the United States of procurement abroad;

14 (2) Production of such equipment or materials
15 outside the United States under inadequate safeguards
16 against sabotage or the release to potential enemies
17 of information detrimental to the security of the
18 United States;

19 (3) Unjustifiable cost in comparison with pro-
20 curement in the United States, taking into account
21 transportation costs for delivery overseas; and

22 (4) Delays in delivery incompatible with United
23 States defense objectives.

24 SEC. 104. INFRASTRUCTURE.—(a) The President is
25 authorized to make contributions to infrastructure programs

1 of the North Atlantic Treaty Organization, in accordance
2 with agreements already made between the member na-
3 tions, out of funds made available pursuant to this section,
4 or section 103, or chapter IX of the Supplemental Appro-
5 priation Act, 1953, of amounts totaling not more than
6 \$780,000,000, less amounts already contributed for such
7 purpose. There is hereby authorized to be appropriated
8 to the President for such purpose, in installments prior to
9 June 30, 1958, not to exceed \$321,000,000, to remain
10 available until expended. Such contributions by the United
11 States shall not exceed its proportionate share, as hereto-
12 fore agreed upon, of the expenses of such programs.

13 (b) When the President determines that it is in the
14 interest of the security of the United States to participate
15 in programs for the acquisition or construction of facili-
16 ties in foreign nations for collective defense other than pro-
17 grams of the North Atlantic Treaty Organization, he may
18 use for such purpose funds made available under section 103
19 or local currencies made available under section 402 in
20 amounts totaling not more than \$50,000,000.

21 (c) Notwithstanding section 501 of this Act, no funds
22 other than those referred to in subsections (a) and (b)
23 of this section may be expended for the purposes of this
24 section. No funds shall be expended under this section for
25 rental or purchase of land or for payment of taxes.

1 SEC. 105. DEVELOPMENT OF WEAPONS OF ADVANCED
2 DESIGN.—The unexpended balance of the appropriation
3 made pursuant to section 542 of the Mutual Security Act of
4 1951, as amended, is authorized to be continued available
5 until expended, for the purpose of encouraging and expedit-
6 ing the development of weapons of advanced design by
7 nations or international organizations eligible to receive
8 military assistance under this chapter. Notwithstanding any
9 other provision of this Act, funds continued available pur-
10 suant to this section may be used only for the purpose of
11 this section.

12 SEC. 106. CONDITIONS APPLICABLE TO MILITARY
13 ASSISTANCE.—(a) Military assistance may be furnished
14 under this chapter to any nation whose increased ability to
15 defend itself the President shall have determined to be im-
16 portant to the security of the United States and which is
17 otherwise eligible to receive such assistance. Equipment and
18 materials furnished under this chapter shall be made available
19 solely to maintain the internal security and legitimate self-
20 defense of the recipient nation, or to permit it to participate
21 in the defense of its area or in collective security arrangements
22 and measures consistent with the Charter of the United
23 Nations. The President shall be satisfied that such equip-
24 ment and materials will not be used to undertake any act of
25 aggression against any nation.

1 (b) In addition to the authority and limitations con-
2 tained in the preceding subsection, the following provisions
3 shall apply to particular areas:

4 (1) In order to promote an integrated defense of the
5 North Atlantic area and to support concrete measures for
6 political federation, military integration, and economic
7 unification in Europe, equipment and materials of the value
8 programed for fiscal years 1954 and 1955 for nations
9 signing the treaty constituting the European Defense Com-
10 munity shall, pending the coming into force of the treaty, be
11 delivered only to such of these nations as have ratified the
12 treaty, and have joined together in or are developing col-
13 lective defense programs in a manner satisfactory to the
14 United States as determined by the President.

15 (2) Military assistance furnished to any nation in the
16 Near East, Africa, and South Asia to permit it to partici-
17 pate in the defense of its area shall be furnished only in
18 accordance with plans and arrangements which shall have
19 been found by the President to require the recipient nation
20 to take an important part therein.

21 (3) In furnishing military assistance in the Far East
22 and the Pacific and in carrying out the provisions of section
23 121 of this Act, the President shall give the fullest assistance
24 to the free peoples in that area, in their creation of a joint or-
25 ganization, consistent with the Charter of the United Na-

1 tions, to establish a program of self-help and mutual coop-
2 eration designed to develop their economic and social well-
3 being, to safeguard basic rights and liberties, and to protect
4 their security and independence.

5 (4) Military assistance may be furnished to the other
6 American Republics only in accordance with defense plans
7 which shall have been found by the President to require
8 the recipient nation to participate in missions important to
9 the defense of the Western Hemisphere.

10 (c) The Secretary of Defense shall insure that the value
11 (as determined pursuant to section 545) of equipment, ma-
12 terials, and services heretofore furnished under military as-
13 sistance programs authorized by Acts repealed by this Act or
14 hereafter furnished pursuant to section 103 (a) to nations
15 or organizations in each of the four areas named in this sub-
16 section shall not exceed the total of the funds heretofore
17 made available for military assistance in that area pursuant
18 to Acts repealed by this Act plus the amount herein speci-
19 fied for that area:

20 (1) In the European area (excluding Greece and Tur-
21 key), \$617,500,000.

22 (2) In the Near East, Africa, and South Asia,
23 \$181,200,000.

24 (3) In the Far East and the Pacific, \$583,600,000.

25 (4) In the Western Hemisphere, \$13,000,000.

1 (d) Whenever the President determines it to be nec-
2 essary for the purpose of this title, equipment, materials,
3 and services of a value not to exceed 10 per centum of the
4 sum of (1) that portion of the unexpended balances re-
5 ferred to in section 103 (a) which was available on June 30,
6 1954, to furnish assistance in any of the areas named in
7 subsection (c) of this section, and (2) the amount specified
8 in the applicable paragraph of subsection (c) of this sec-
9 tion for additional assistance in such area, may be fur-
10 nished in any other such area or areas, notwithstanding
11 the limitations set forth in subsection (c) of this section.
12 Funds heretofore obligated or programed or hereafter made
13 available solely for the purpose of section 104 (pertain-
14 ing to infrastructure) or section 105 (pertaining to the
15 development of weapons of advanced design) shall not be
16 included in the total fixed for each such area. Funds here-
17 tofore appropriated for military assistance in a particu-
18 lar geographic area but transferred from such use under
19 section 513 of the Mutual Security Act of 1951, as amended,
20 or under section 408 (c) of the Mutual Defense Assis-
21 tance Act, shall be included in the total for the area for
22 the benefit of which such transfer was made, and not in
23 the total for the area from which the transfer was made.

24 SEC. 107. SALE OF MILITARY EQUIPMENT, MATE-

1 RIALS, AND SERVICES.—(a) The President may, in order
2 to carry out the purpose of this chapter, sell or enter into
3 contracts (without requirement for charge to any appro-
4 priation or contract authorization) for the procurement for
5 sale of equipment, materials, or services to any nation
6 or international organization: *Provided*, That prior to the
7 transfer of any such equipment, materials, or services to
8 any nation which has not signed an agreement under
9 section 142 of this Act or joined with the United States
10 in a regional collective defense arrangement, the President
11 shall have received commitments satisfactory to him that
12 such equipment, materials, or services are required for and
13 will be used by such nation solely to maintain its inter-
14 nal security, its legitimate self-defense, or to permit it to
15 participate in the defense of the area of which it is a
16 part, or in collective security arrangements and measures
17 consistent with the Charter of the United Nations, and that
18 it will not undertake any act of aggression against any other
19 state.

20 (b) Whenever equipment or materials are sold from
21 the stocks of or services are rendered by any United States
22 Government agency to any nation or international organi-
23 zation as provided in subsection (a), such nation or inter-
24 national organization shall first make available the fair value,
25 as determined by the President, of such equipment, materials,

1 or services before delivery or, when the President determines
2 it to be in the best interests of the United States, within sixty
3 days thereafter or, as determined by the President, within
4 a reasonable period not to exceed three years. The fair value
5 for the purpose of this subsection shall not be less than the
6 value as defined in subsection (h) of section 545: *Provided*,
7 That with respect to excess equipment or materials the fair
8 value may not be determined to be less than (i) the mini-
9 mum value specified in that subsection plus the scrap value,
10 or (ii) the market value, if ascertainable, whichever is the
11 greater. Before a contract for new production is entered
12 into, or rehabilitation work is undertaken, such nation or
13 international organization shall (A) provide the United
14 States with a dependable undertaking to pay the full amount
15 of such contract or the cost of such rehabilitation which will
16 assure the United States against any loss on the contract or
17 rehabilitation work, and (B) shall make funds available in
18 such amounts and at such times as may be necessary to meet
19 the payments required by the contract or the rehabilitation
20 work in advance of the time such payments are due, in
21 addition to the estimated amount of any damages and costs
22 that may accrue from the cancellation of such contract or
23 rehabilitation work.

24 (c) Sections 106, 141, and 142 shall not apply with
25 respect to assistance furnished under this section.

1 SEC. 108. WAIVERS OF LAW.—(a) The President may
2 perform any of the functions authorized under this chapter
3 without regard to (1) the provisions of title 10, United
4 States Code, section 1262 (a), and title 34, United States
5 Code, section 546 (e) ; and (2) such provisions as he may
6 specify of the joint resolution of November 4, 1939 (54
7 Stat. 4) , as amended.

8 (b) Notwithstanding the provisions of Revised Statutes
9 1222 (10 U. S. C. 576), personnel of the Department of
10 Defense may be assigned or detailed to any civil office for the
11 purpose of enabling the President to furnish assistance under
12 this Act.

13 SEC. 109. TRANSFER OF MILITARY EQUIPMENT TO
14 JAPAN.—In addition to any program of military assistance
15 for which funds may be appropriated pursuant to this Act,
16 the President is hereby authorized to transfer to the Govern-
17 ment of Japan, until June 30, 1955, upon such terms and
18 conditions as he may specify, and upon its request, United
19 States military equipment and supplies programed for Japan
20 to meet its internal security requirements for which Depart-
21 ment of Defense appropriations were obligated prior to July
22 1, 1953. No appropriation shall be requested to replace the
23 military equipment and supplies so transferred, and no funds
24 heretofore or hereafter appropriated for the purpose of this
25 chapter shall be available for reimbursement to any United

1 States Government agency on account of any transfer made
2 pursuant to this section.

3 CHAPTER 2—SOUTHEAST ASIA AND THE WESTERN
4 PACIFIC, AND DIRECT FORCES SUPPORT

5 SEC. 121. SOUTHEAST ASIA AND THE WESTERN
6 PACIFIC.—There is hereby authorized to be appropriated to
7 the President for the fiscal year 1955, to be made available
8 on such terms and conditions, including transfer of funds,
9 as he may specify, not to exceed \$800,000,000 for expenses
10 necessary for the support of the forces of the Associated
11 States of Cambodia, Laos, and Vietnam and the forces of
12 France located in such Associated States and for other ex-
13 penditures to accomplish in Southeast Asia and the Western
14 Pacific the policies and purposes declared in this Act. In
15 addition, the unexpended balances of funds allocated from
16 appropriations made pursuant to sections 304 and 540 of the
17 Mutual Security Act of 1951, as amended, for the purpose
18 of support of the forces of the Associated States of Cam-
19 bodia, Laos, and Vietnam and the forces of France located
20 in the Associated States, are hereby authorized to be con-
21 tinued available for the purpose of this section through
22 June 30, 1955, and to be consolidated with the appropria-
23 tion authorized by this section.

24 It is the sense of the Congress that no part of the funds
25 appropriated under this section shall be used on behalf of

1 governments which are committed by treaty to maintain
2 Communist rule over any defined territory of Asia.

3 SEC. 122. PRODUCTION FOR FORCES SUPPORT.—The un-
4 expended balances of appropriations made pursuant to sec-
5 tion 102 of the Mutual Security Act of 1951, as amended,
6 are hereby authorized to be continued available for their
7 original purposes through June 30, 1955.

8 SEC. 123. COMMON USE ITEMS.—There is hereby
9 authorized to be appropriated to the President for the
10 fiscal year 1955 not to exceed \$70,000,000 for the provi-
11 sion of any common-use equipment, materials, commodi-
12 ties, or services which are to be used by military forces
13 of nations receiving assistance under chapter 1 of this
14 title. Programs authorized by this section shall be admin-
15 istered in accordance with the provisions of chapter 1 or
16 chapter 3 of this title.

17 CHAPTER 3—DEFENSE SUPPORT

18 SEC. 131. GENERAL AUTHORITY.—(a) The President
19 is hereby authorized to furnish, to nations and organiza-
20 tions eligible to receive military assistance under chapter 1
21 of this title, commodities, services, and financial and other
22 assistance designed to sustain and increase military effort.
23 In furnishing such assistance, the President may provide
24 for the procurement and transfer from any source of any
25 commodity or service (including processing, storing, trans-

1 porting, marine insurance, and repairing) or any technical
2 information and assistance.

3 (b) There is hereby authorized to be appropriated to
4 the President for the fiscal year 1955 to carry out the
5 provisions of this section, not to exceed—

6 (1) \$45,000,000 for Europe (excluding Greece
7 and Turkey) ;

8 (2) \$81,850,000 for the Near East (including
9 Greece and Turkey), Africa, and South Asia; and

10 (3) \$96,430,000 for the Far East and the Pacific.

11 In addition, unexpended balances of appropriations hereto-
12 fore made pursuant to section 541 of the Mutual Security
13 Act of 1951, as amended, are hereby authorized to be con-
14 tinued available for the purpose of this subsection through
15 June 30, 1955, and to be consolidated with the appropriation
16 authorized for the same area by this subsection: *Provided*,
17 That portions of such unexpended balances which have been
18 allocated to assistance for Greece and Turkey shall be con-
19 solidated with the appropriation authorized by paragraph
20 (2) of this subsection.

21 SEC. 132. KOREAN PROGRAM.—(a) There is hereby
22 authorized to be appropriated to the President for the fiscal
23 year 1955 not to exceed \$230,000,000 to be expended, upon
24 terms and conditions specified by the President, for defense
25 support, relief and rehabilitation, and other necessary assist-

1 ance (including payment of ocean freight charges on ship-
2 ments for relief and rehabilitation, without regard to section
3 409 of this Act) in those parts of Korea which the President
4 shall have determined to be not under Communist control.
5 In addition, unexpended balances of funds heretofore allo-
6 cated for the purpose of relief and rehabilitation in Korea
7 pursuant to the paragraph entitled "Relief and Rehabilitation
8 in Korea", chapter VII, Supplemental Appropriation Act,
9 1954, and unobligated balances of the appropriation for
10 "Civilian Relief in Korea," title III, Department of Defense
11 Appropriation Act, 1954, are hereby authorized to be con-
12 tinued available for the purposes of this subsection through
13 June 30, 1955, and to be consolidated with the appropria-
14 tion authorized by this subsection.

15 (b) (1) Notwithstanding the provisions of any other
16 law, the President is authorized, at any time prior to twenty-
17 four months from the date of enactment of this Act, to
18 transfer to the Republic of Korea, by sale or charter and on
19 such terms and conditions as he may specify, title to not
20 more than eight CI-M-AVI vessels. Any agency of the
21 United States Government owning or operating such vessels
22 is authorized to make such vessels available for the purpose
23 of this subsection. Funds made available pursuant to sub-
24 section (a) of this section shall be available for the purpose
25 of this subsection.

1 (2) Such transfers shall be made at prices determined
2 under section 3 of the Merchant Ship Sales Act of 1946 (50
3 U. S. C., App. 1736): *Provided*, That such vessels shall
4 be placed in class in accordance with minimum requirements
5 of the American Bureau of Shipping by the owning or oper-
6 ating agency, and the expense of placing in class shall be
7 reimbursed to such agency.

8 (c) There is hereby authorized to be appropriated for
9 the fiscal year 1955 not to exceed \$11,300,000 for making
10 contributions to the United Nations Korean Reconstruction
11 Agency or expenditure through such other agency for relief
12 and rehabilitation in Korea as the President may direct. In
13 addition, the unexpended balance of the appropriation made
14 pursuant to the last sentence of section 303 (a) of the Mutual
15 Security Act of 1951, as amended, is hereby authorized to be
16 continued available for the purpose of this subsection through
17 June 30, 1955, and to be consolidated with the appropria-
18 tion authorized by this subsection. Sections 141 and 142 of
19 this Act shall not apply with respect to assistance furnished
20 under this subsection.

21 (d) To the extent necessary to accomplish the purposes
22 of this section (1) assistance may be furnished under this
23 section without regard to the other provisions of this chapter
24 and (2) the authority provided in section 306 may be exer-

1 cised in furnishing assistance under subsection (a) of this
2 section.

3 SEC. 133. TERMS OF ASSISTANCE.—Assistance under
4 this chapter may be furnished on a grant basis or on such
5 terms, including cash, credit, or other terms of repayment,
6 as may be determined to be best suited to the achievement
7 of the purposes of this Act.

8 CHAPTER 4—GENERAL PROVISIONS RELATING TO
9 MUTUAL DEFENSE ASSISTANCE

10 SEC. 141. CONDITIONS OF ELIGIBILITY FOR ASSIST-
11 ANCE.—No assistance shall be furnished under this title to
12 any nation or organization unless the President shall have
13 found that furnishing such assistance will strengthen the
14 security of the United States and promote world peace. No
15 such assistance shall be furnished to a nation unless it
16 shall have agreed to the provisions required by section 142,
17 and such additional provisions as the President deems neces-
18 sary to effectuate the policies and provisions of this title and
19 to safeguard the interests of the United States.

20 SEC. 142. AGREEMENTS.—No assistance shall be fur-
21 nished to any nation under this title unless such nation shall
22 have agreed to—

23 (1) join in promoting international understanding
24 and good will, and maintaining world peace;

1 (2) take such action as may be mutually agreed
2 upon to eliminate causes of international tension;

3 (3) fulfill the military obligations, if any, which
4 it has assumed under multilateral or bilateral agree-
5 ments or treaties to which the United States is a party;

6 (4) make, consistent with its political and eco-
7 nomic stability, the full contribution permitted by its
8 manpower, resources, facilities, and general economic
9 condition to the development and maintenance of its own
10 defensive strength and the defensive strength of the free
11 world;

12 (5) take all reasonable measures which may be
13 needed to develop its defense capacities;

14 (6) take appropriate steps to insure the effective
15 utilization of the assistance furnished under this title in
16 furtherance of the policies and purposes of this title;

17 (7) impose appropriate restrictions against trans-
18 fer of title to or possession of any equipment and mate-
19 rials, information, or services furnished under chapter 1
20 of this title, without the consent of the President;

21 (8) maintain the security of any article, service,
22 or information furnished under chapter 1 of this title;

23 (9) furnish equipment and materials, services, or
24 other assistance consistent with the Charter of the

1 United Nations, to the United States or to and among
2 other nations to further the policies and purpose of
3 chapter 1 of this title;

4 (10) permit continuous observation and review
5 by United States representatives of programs of as-
6 sistance authorized under this title, including the uti-
7 lization of any such assistance, or provide the United
8 States with full and complete information with re-
9 spect to these matters, as the President may require;
10 and

11 (11) in cases where any commodity is furnished
12 on a grant basis under any provision of this Act other
13 than chapter 1 of title I under arrangements which will
14 result in the accrual of proceeds to the recipient nation
15 from the import or sale thereof, establish a Special
16 Account, and—

17 (i) deposit in the Special Account, under such
18 terms and conditions as may be agreed upon, cur-
19 rency of the recipient nation in amounts equal to
20 such proceeds;

21 (ii) allocate to the use of the United States
22 Government not less than 10 per centum of the
23 amounts deposited in the Special Account; and

24 (iii) utilize the remainder of the Special Ac-

count for programs agreed to by the United States to carry out the purposes for which new funds authorized by this Act would themselves be available.

Any unencumbered balances of funds deposited in the Special Account after the effective date of this Act which remain in the Account upon termination of assistance to such nation under this title shall be disposed of in such manner as may be authorized by Act or joint resolution of the Congress.

TITLE II—DEVELOPMENT ASSISTANCE

SEC. 201. AUTHORIZATION.—(a) There is hereby authorized to be appropriated to the President for the fiscal year 1955, not to exceed—

(1) \$130,000,000 for assistance designed to promote the economic development of the Near East and Africa, and for other types of assistance designed to help maintain economic and political stability in the area;

(2) \$85,000,000 for assistance designed to promote the economic development of South Asia and to assist in maintaining economic and political stability in the area; and

(3) \$9,000,000 for assistance designed to pro-

1 mote economic development in the other American
2 Republics and non-self-governing territories of the West-
3 ern Hemisphere.

4 Such assistance may be furnished on such terms and con-
5 ditions as the President may specify, except that not less
6 than 50 per centum of the assistance furnished under each
7 paragraph of this subsection shall be furnished on terms
8 of repayment in accordance with section 505.

9 (b) In addition, unexpended balances of appropria-
10 tions heretofore made pursuant to sections 206 and 302
11 (b) of the Mutual Security Act of 1951, as amended, and
12 unexpended balances of funds allocated to the emergency
13 economic aid program for Bolivia are hereby authorized
14 to be continued available for the purposes of this section
15 through June 30, 1955, and to be consolidated with the
16 appropriations authorized by paragraphs (1), (2), and (3)
17 of subsection (a) of this section, respectively.

18 SEC. 202. ADMINISTRATION.—Except as necessary to
19 accomplish the purposes of section 201, programs of assist-
20 ance authorized by that section shall be administered in
21 accordance with sections 301, 302, and 307.

22 TITLE III—TECHNICAL COOPERATION

23 SEC. 301. GENERAL AUTHORITY AND DEFINITION.—It
24 is the purpose of this title to assist the efforts of the peoples
25 of economically underdeveloped areas to achieve economic

1 progress by authorizing measures designed to increase tech-
2 nical knowledge and skills and the flow of investment capital.
3 The President is authorized to furnish assistance in accord-
4 ance with the provisions of this title through bilateral
5 technical cooperation programs. As used in this title, the
6 term “technical cooperation programs” means programs for
7 the international interchange of technical knowledge and
8 skills designed to contribute primarily to the balanced and
9 integrated development of the economic resources and pro-
10 ductive capacities of economically underdeveloped areas.
11 Such activities shall be limited to economic, engineering,
12 medical, educational, agricultural, forestry, fishery, mineral,
13 and fiscal surveys, demonstration, training, and similar proj-
14 ects that serve the purpose of promoting the development of
15 economic resources, productive capacities, and trade of eco-
16 nomically underdeveloped areas, and training in public ad-
17 ministration. The term “technical cooperation programs”
18 does not include such activities authorized by the United
19 States Information and Educational Exchange Act of 1948
20 (62 Stat. 6) as are not primarily related to economic devel-
21 opment, nor activities undertaken now or hereafter pursuant
22 to the International Aviation Facilities Act (62 Stat. 450),
23 nor activities undertaken now or hereafter in the administra-
24 tion of areas occupied by the United States Armed Forces.

25 SEC. 302. PREREQUISITES TO ASSISTANCE.—Assistance

1 shall be made available under section 301 of this Act only
2 where the President determines that the nation being
3 assisted—

4 (a) pays a fair share of the cost of the program;

5 (b) provides all necessary information concerning
6 such program and gives the program full publicity;

7 (c) seeks to the maximum extent possible full co-
8 ordination and integration of technical cooperation pro-
9 grams being carried on in that nation;

10 (d) endeavors to make effective use of the results
11 of the program; and

12 (e) cooperates with other nations participating in
13 the program in the mutual exchange of technical
14 knowledge and skills.

15 SEC. 303. AUTHORIZATION.—There is hereby author-
16 ized to be appropriated to the President for the fiscal year
17 1955 \$112,070,000 for technical cooperation programs in
18 the Near East, Africa, South Asia, Far East and Pacific,
19 and Latin America. In addition, unexpended balances of
20 appropriations heretofore made pursuant to section 543
21 of the Mutual Security Act of 1951, as amended, are
22 authorized to be continued available for the purposes of
23 this section through June 30, 1955, and to be consoli-
24 dated with the appropriation authorized by this section.

1 SEC. 304. LIMITATION ON USE OF FUNDS.—Funds
2 made available under section 303 may be expended to
3 furnish assistance in the form of equipment or commodi-
4 ties only where necessary for instruction or demonstra-
5 tion purposes.

6 SEC. 305. MULTILATERAL TECHNICAL COOPERA-
7 TION.—As one means of accomplishing the purposes of
8 this title, the United States is authorized to participate
9 in multilateral technical cooperation programs carried on
10 by the United Nations, the Organization of American
11 States, their related organizations, and other international
12 organizations, wherever practicable. There is hereby au-
13 thorized to be appropriated to carry out the purpose of
14 this section, in addition to the amounts authorized by sec-
15 tion 303, not to exceed—

16 (a) \$17,958,000 for making contributions to the
17 United Nations Expanded Program of Technical
18 Assistance;

19 (b) \$1,500,000 for making contributions to the
20 technical cooperation program of the Organization of
21 American States.

22 SEC. 306. ADVANCES AND GRANTS; CONTRACTS.—

23 The President may make advances and grants-in-aid of

1 technical cooperation programs to any person, corpora-
2 tion, or other body of persons or to any foreign gov-
3 ernment agency. The President may make and perform
4 contracts and agreements in respect of technical cooper-
5 ation programs on behalf of the United States Govern-
6 ment with any person, corporation, or other body of
7 persons however designated, whether within or without
8 the United States, or with any foreign government or
9 foreign government agency. A contract or agreement
10 which entails commitments for the expenditure of funds
11 appropriated pursuant to this title may, subject to any
12 future action of the Congress, run for not to exceed three
13 years.

14 SEC. 307. INTERNATIONAL DEVELOPMENT ADVISORY
15 BOARD.—There shall be an advisory board, referred to in this
16 section as the “Board”, which shall advise and consult with
17 the President, or such other officer as he may designate to
18 administer this title, with respect to general or basic policy
19 matters arising in connection with the operation of pro-
20 grams authorized by this title, title II, and section 414 (b).
21 The Board shall consist of not more than thirteen members
22 appointed by the President, one of whom, by and with the
23 advice and consent of the Senate, shall be appointed by him
24 as chairman. The members of the Board shall be broadly
25 representative of voluntary agencies and other groups in-

1 terested in the programs, including business, labor, agricul-
2 ture, public health, and education. All members of the
3 Board shall be citizens of the United States; none except
4 the chairman shall be an officer or an employee of the
5 United States (including any United States Government
6 agency) who as such regularly receives compensation for
7 current services. Members of the Board, other than the
8 chairman if he is an officer of the United States Govern-
9 ment, shall receive out of funds made available for the pur-
10 pose of this title a per diem allowance of \$50 for each day
11 spent away from their homes or regular places of business
12 for the purpose of attendance at meetings of the Board or
13 at conferences held upon the call of the chairman, and in
14 necessary travel, and while so engaged they may be paid
15 actual travel expenses and not to exceed \$10 per diem in
16 lieu of subsistence and other expenses.

17 SEC. 308. JOINT COMMISSION ON RURAL RECON-
18 STRUCTION IN CHINA.—The President is authorized to con-
19 tinue to participate in the Joint Commission on Rural Re-
20 construction in China and to appoint citizens of the United
21 States to the Commission.

22 TITLE IV—OTHER PROGRAMS

23 SEC. 401. SPECIAL FUND.—Of the funds made avail-
24 able under this Act, not to exceed \$150,000,000 may be
25 expended, without regard to the requirements of this Act

1 or any other Act for which funds are authorized by this
2 Act, in furtherance of any of the purposes of such Acts,
3 when the President determines that such use is important
4 to the security of the United States. Not to exceed \$100,-
5 000,000 of the funds available under this section may be
6 expended for any selected persons who are residing in or
7 escapees from the Soviet Union, Poland, Czechoslovakia,
8 Hungary, Rumania, Bulgaria, Albania, Lithuania, Latvia,
9 and Estonia or the Communist-dominated or Communist-
10 occupied areas of Germany and Austria, or any Communist-
11 dominated or Communist-occupied areas of Asia and any
12 other countries absorbed by the Soviet Union, either to
13 form such persons into elements of the military forces sup-
14 porting the North Atlantic Treaty Organization or for other
15 purposes, when the President determines that such assist-
16 ance will contribute to the defense of the North Atlantic
17 area or to the security of the United States. Certification
18 by the President of amounts expended under this section
19 up to a total of \$50,000,000, and that it is inadvisable to
20 specify the nature of such expenditures, shall be deemed a
21 sufficient voucher for such amounts. Not more than \$20,-
22 000,000 of the funds available under this section may be
23 allocated to any one nation.

24 SEC. 402. EARMARKING OF FUNDS.—Of the funds
25 authorized to be made available pursuant to this Act, not less

1 than \$500 million shall be used to finance the purchase and
2 export of surplus agricultural commodities, or products
3 thereof, produced in the United States, and foreign currency
4 proceeds therefrom shall be used for the purposes of this Act
5 pursuant to section 104 of the Agricultural Trade and De-
6 velopment Act of 1954.

7 SEC. 403. SPECIAL ASSISTANCE IN JOINT CONTROL
8 AREAS.—The President is hereby authorized to furnish com-
9 modities, services, and financial and other assistance to
10 nations and areas for which the United States has respon-
11 sibility as a result of participation in joint control arrange-
12 ments where found by the President to be in the interest of
13 the security of the United States. There is hereby authorized
14 to be appropriated to the President for the fiscal year 1955
15 not to exceed \$25,000,000 to carry out this section.

16 SEC. 404. RESPONSIBILITIES IN GERMANY.—Upon
17 approval by the Secretary of State, a part of the German
18 currency now or hereafter deposited under the bilateral
19 agreement of December 15, 1949, between the United States
20 and the Federal Republic of Germany (or any supplementary
21 or succeeding agreement) shall be deposited in the GARIOA
22 (Government and Relief in Occupied Areas) Special Ac-
23 count under the terms of article V of that agreement, and
24 currency which has been or may be deposited in said ac-
25 count, and any portion of funds made available for assist-

1 ance to the Federal Republic of Germany pursuant to section
2 403 of this Act, may be used for expenses necessary to
3 meet the responsibilities or objectives of the United States in
4 Germany, including responsibilities arising under the supreme
5 authority assumed by the United States on June 5, 1945,
6 and under contractual arrangements with the Federal Re-
7 public of Germany. Expenditures may be made under
8 authority of this section in amounts and under conditions
9 determined by the Secretary of State after consultation with
10 the official primarily responsible for administration of pro-
11 grams under chapter 3 of title I, and without regard to any
12 provision of law which the President determines must be
13 disregarded in order to meet such responsibilities or
14 objectives.

15 SEC. 405. MOVEMENT OF MIGRANTS AND REFU-
16 GEES.—(a) For the purpose of assisting in the movement of
17 migrants, there is hereby authorized to be appropriated
18 not to exceed \$11,700,000 for contributions during the
19 calendar year 1955 to the Intergovernmental Committee
20 for European Migration, and thereafter such amounts as
21 may be necessary from time to time for the payment by
22 the United States of its contributions to the Committee
23 and all necessary salaries and expenses incident to United
24 States participation in the Committee. In addition, the

1 unexpended balance of the appropriation made pursuant
2 to section 534 of the Mutual Security Act of 1951, as
3 amended, is hereby authorized to be continued available
4 for the purpose of this section through June 30, 1955,
5 and to be consolidated with the appropriation authorized
6 in this section.

7 (b) Of the funds made available under this Act, not
8 more than \$800,000 may be used by the President to
9 facilitate the migration to the other American Republics
10 of persons resident in that portion of the Ryukyu Island
11 Archipelago under United States control.

12 (c) There is hereby authorized to be appropriated
13 for the fiscal year 1955 not to exceed \$500,000 for con-
14 tributions to the United Nations Refugee Emergency Fund.

15 SEC. 406. CHILDREN'S WELFARE.—There is hereby
16 authorized to be appropriated not to exceed \$13,500,000
17 for contributions during the fiscal year 1955 to the United
18 Nations Children's Fund.

19 SEC. 407. PALESTINE REFUGEES IN THE NEAR EAST.—
20 There is hereby authorized to be appropriated to the Presi-
21 dent for the fiscal year 1955, not to exceed \$30,000,000,
22 to be used to make contributions to the United Nations
23 Relief and Works Agency for Palestine Refugees in the
24 Near East. In addition, the unexpended balance of the

1 appropriation made for the Palestine refugee program in
2 the Mutual Security Appropriation Act, 1954, is hereby
3 authorized to be continued available for the purpose of
4 this section through June 30, 1955: *Provided*, That when-
5 ever the President shall determine that it would more
6 effectively contribute to the relief, rehabilitation, and re-
7 settlement of Palestine refugees in the Near East, he may
8 expend any part of such unexpended balance through any
9 other agency he may designate.

10 SEC. 408. NORTH ATLANTIC TREATY ORGANIZA-
11 TION.—(a) In order to provide for United States partici-
12 pation in the North Atlantic Treaty Organization, there
13 is hereby authorized to be appropriated for the fiscal year
14 1955 not to exceed \$3,200,000 for payment by the United
15 States of its share of the expenses of the Organization.

16 (b) The United States permanent representative to the
17 North Atlantic Treaty Organization shall be appointed by the
18 President by and with the advice and consent of the Senate
19 and shall hold office at the pleasure of the President. Such
20 representative shall have the rank and status of ambassador
21 extraordinary and plenipotentiary and shall be a chief of
22 mission, class 1, within the meaning of the Foreign Service
23 Act of 1946, as amended (22 U. S. C. 801).

24 (c) Persons detailed to the international staff of the

1 North Atlantic Treaty Organization in accordance with sec-
2 tion 529 of this Act who are appointed as Foreign Service
3 Reserve officers may serve for periods of more than four
4 years notwithstanding the limitation in section 522 of the
5 Foreign Service Act of 1946, as amended (22 U. S. C. 922).

6 SEC. 409. OCEAN FREIGHT CHARGES.—(a) In order
7 to further the efficient use of United States voluntary con-
8 tributions for relief and rehabilitation in nations eligible
9 for assistance under this Act, the President may pay ocean
10 freight charges from United States ports to designated ports
11 of entry of such nations on shipments by United States
12 voluntary nonprofit relief agencies registered with and ap-
13 proved by the Advisory Committee on Voluntary Foreign
14 Aid and shipments by the American Red Cross.

15 (b) Where practicable the President shall make ar-
16 rangements with the receiving nation for free entry of such
17 shipments and for the making available by that nation of local
18 currencies for the purpose of defraying the transportation cost
19 of such shipments from the port of entry of the receiving
20 nation to the designated shipping point of the consignee.

21 (c) There is hereby authorized to be appropriated to the
22 President for the fiscal year 1955 not to exceed \$4,400,-
23 000 to carry out the purposes of this section; and, in addition,

1 unexpended balances of appropriations heretofore made pur-
2 suant to section 535 of the Mutual Security Act of 1951, as
3 amended, are authorized to be continued available for the
4 purposes of this section through June 30, 1955, and to be
5 consolidated with the appropriation authorized in this section.

6 (d) In addition, any funds made available under this
7 Act may be used, in amounts determined by the Presi-
8 dent, to pay ocean freight charges on shipments of surplus
9 agricultural commodities, including commodities made avail-
10 able pursuant to any Act for the disposal abroad of United
11 States agricultural surpluses.

12 SEC. 410. CONTROL ACT EXPENSES.—There is hereby
13 authorized to be appropriated to the President for the
14 fiscal year 1955 not to exceed \$1,300,000 for carrying out
15 the objectives of the Mutual Defense Assistance Control
16 Act of 1951 (22 U. S. C. 1611). In addition, in accordance
17 with section 303 of that Act, funds made available for
18 carrying out chapter 1 of title I of this Act shall be avail-
19 able for carrying out the purpose of this section in such
20 amounts as the President may direct.

21 SEC. 411. ADMINISTRATIVE EXPENSES.—(a) When-
22 ever possible, the expenses of administration of this Act shall
23 be paid for in the currency of the nation where the expense is
24 incurred.

1 (b) There is hereby authorized to be appropriated to
2 the President for the fiscal year 1955 not to exceed \$35,-
3 900,000 for all necessary administrative expenses incident
4 to carrying out the provisions of this Act other than chapter
5 1 of title I, including expenses for compensation, allowances
6 and travel of personnel, including Foreign Service personnel
7 whose services are utilized primarily for the purposes of this
8 Act, and, without regard to the provisions of any other law,
9 for printing and binding, and for expenditures outside the
10 continental limits of the United States for the procurement of
11 supplies and services and for other administrative purposes
12 (other than compensation of personnel) without regard to
13 such laws and regulations governing the obligation and ex-
14 penditure of Government funds as may be necessary to ac-
15 complish the purposes of this Act.

16 SEC. 412. STRATEGIC MATERIALS.—In order to reduce
17 the drain on United States resources and to assure the produc-
18 tion of adequate supplies of essential raw materials for the
19 collective defense of the free world, the President is author-
20 ized to initiate projects for, and assist in procuring and stim-
21 ulating increased production of, materials in which deficien-
22 cies or potential deficiencies in supply exist in the United
23 States or among nations receiving United States assistance.
24 The unexpended balance of funds made available pursuant

1 to section 514 of the Mutual Security Act of 1951, as
2 amended, is hereby authorized to be continued available for
3 the purpose of this section through June 30, 1955.

4 SEC. 413. CHINESE AND KOREAN STUDENTS.—Funds
5 heretofore allocated to the Secretary of State pursuant to
6 the last proviso of section 202 of the China Area Aid Act
7 of 1950 (22 U. S. C. 1547) shall continue to be available
8 until expended, under such regulations as the Secretary of
9 State may prescribe, using private agencies to the maximum
10 extent practicable, for necessary expenses of tuition, subsist-
11 ence, transportation, and emergency medical care for selected
12 citizens of China and of Korea for studying or teaching in
13 accredited colleges, universities, or other educational insti-
14 tutions in the United States approved by the Secretary of
15 State for the purpose, or for research and related academic
16 and technical activities in the United States, and such
17 selected citizens of China who have been admitted for the
18 purpose of study in the United States shall be granted per-
19 mission to accept employment upon application filed with
20 the Commissioner of Immigration and Naturalization pur-
21 suant to regulations promulgated by the Attorney General.

22 SEC. 414. ENCOURAGEMENT OF FREE ENTERPRISE
23 AND PRIVATE PARTICIPATION.—(a) It is declared to be
24 the policy of the United States to encourage the efforts of
25 other free nations to increase the flow of international trade,

1 to foster private initiative and competition, to discourage
2 monopolistic practices, to improve the technical efficiency of
3 their industry, agriculture and commerce, and to strengthen
4 free labor unions; and to encourage the contribution of United
5 States enterprise toward the economic strength of other
6 free nations, through private trade and investment abroad,
7 private participation in the programs carried out under this
8 Act (including the use of private trade channels to the maxi-
9 mum extent practicable in carrying out such programs), and
10 exchange of ideas and technical information on the matters
11 covered by this section.

12 (b) In order to encourage and facilitate participation
13 by private enterprise to the maximum extent practicable in
14 achieving any of the purposes of this Act, the President—

15 (1) shall make arrangements to find and draw the
16 attention of private enterprise to opportunities for in-
17 vestment and development in other free nations;

18 (2) shall accelerate a program of negotiating
19 treaties for commerce and trade, or other temporary
20 arrangements where more suitable or expeditious, which
21 shall include provisions to encourage and facilitate the
22 flow of private investment to nations participating in
23 programs under this Act; and

24 (3) may make, until June 30, 1957, under rules
25 and regulations prescribed by him, guaranties to any

1 person of investments in connection with projects, in-
2 cluding expansion, modernization, or development of
3 existing enterprises, in any nation with which the United
4 States has agreed to institute the guaranty program:
5 *Provided, That—*

6 (A) such projects shall be approved by the
7 President as furthering any of the purposes of this
8 Act, and by the nation concerned;

9 (B) the guaranty to any person shall be limited
10 to assuring any or all of the following:

11 (i) the transfer into United States dollars
12 of other currencies, or credits in such currencies,
13 received by such person as earnings or profits
14 from the approved project, as repayment or
15 return of the investment therein, in whole or in
16 part, or as compensation for the sale or dis-
17 position of all or any part thereof;

18 (ii) the compensation in United States
19 dollars for loss of all or any part of the invest-
20 ment in the approved project which shall be
21 found to have been lost to such person by rea-
22 son of expropriation or confiscation by action of
23 the government of a foreign nation or by reason
24 of war, revolution or insurrection;

(C) when any payment is made to any person pursuant to a guaranty as hereinbefore described, the currency, credits, assets, or investment on account of which such payment is made shall become the property of the United States Government, and the United States Government shall be subrogated to any right, title, claim or cause of action existing in connection therewith;

(D) the guaranty to any person shall not exceed the amount of dollars invested in the project by such person with the approval of the President plus actual earnings or profits on said project to the extent provided by such guaranty, and shall be limited to a term not exceeding twenty years from the date of issuance;

(E) a fee shall be charged in an amount not exceeding 1 per centum per annum of the amount of each guaranty under clause (i) of subparagraph (B), and not exceeding 4 per centum per annum of the amount of each guaranty under clause (ii) of such subparagraph, and all fees collected hereunder shall be available for expenditure in discharge of liabilities under guaranties made under this section until such time as all such liabilities have been dis-

1 charged or have expired, or until all such fees have
2 been expended in accordance with the provisions of
3 this section;

4 (F) the President is authorized to issue guar-
5 anties up to a total of \$200,000,000: *Provided*,
6 That any funds allocated to a guaranty and remain-
7 ing after all liability of the United States assumed
8 in connection therewith has been released, dis-
9 charged, or otherwise terminated, shall be available
10 for allocation to other guaranties, the foregoing limi-
11 tation notwithstanding. Any payments made to
12 discharge liabilities under guaranties issued under
13 this subsection shall be paid out of fees collected
14 under subparagraph (E) as long as such fees are
15 available, and thereafter shall be paid out of funds
16 realized from the sale of notes which have been
17 issued under authority of paragraph 111 (c) (2)
18 of the Economic Cooperation Act of 1948, as
19 amended, when necessary to discharge liabilities
20 under any such guaranty;

21 (G) the guaranty program authorized by this
22 paragraph shall be used to the maximum prac-
23 ticable extent and shall be administered under
24 broad criteria so as to facilitate and increase the

1 participation of private enterprise in achieving
2 any of the purposes of this Act;

3 (H) as used in this paragraph—

4 (i) the term “person” means a citizen of
5 the United States or any corporation, partner-
6 ship, or other association created under the
7 law of the United States or of any State or
8 Territory and substantially beneficially owned
9 by citizens of the United States, and

10 (ii) the term “investment” includes any
11 contribution of capital goods, materials, equip-
12 ment, services, patents, processes, or tech-
13 niques by any person in the form of (1) a
14 loan or loans to an approved project, (2) the
15 purchase of a share of ownership in any such
16 project, (3) participation in royalties, earn-
17 ings, or profits of any such project, and (4)
18 the furnishing of capital goods items and
19 related services pursuant to a contract pro-
20 viding for payment in whole or in part after
21 the end of the fiscal year in which the guar-
22 anty of such investment is made.

23 SEC. 415. EMIGRATION TO U. S. S. R.—Funds made

1 available pursuant to this Act may be used to pay the ex-
2 penses of travel of any resident in the United States to the
3 Union of Soviet Socialist Republics for the purpose of estab-
4 lishing permanent residence there: *Provided*, That such resi-
5 dent shall not be readmitted to the United States.

6 SEC. 416. MUNITIONS CONTROL.—(a) The President
7 is authorized to control, in furtherance of world peace and
8 the security and foreign policy of the United States, the
9 export and import of arms, ammunition, and implements
10 of war, other than by a United States Government agency.
11 The President is authorized to designate those articles
12 which shall be considered as arms, ammunition, and im-
13 plements of war for the purposes of this section.

14 (b) As prescribed in regulations issued under this sec-
15 tion, every person who engages in the business of manufac-
16 turing, exporting, or importing any arms, ammunition, or
17 implements of war designated by the President under sub-
18 section (a) shall register with the United States Govern-
19 ment agency charged with the administration of this section
20 and, in addition, shall pay a registration fee which shall be
21 prescribed by such regulations.

22 (c) Any person who willfully violates any provision
23 of this section or any rule or regulation issued under this
24 section, or who willfully, in a registration or license appli-
25 cation, makes any untrue statement of a material fact or

1 omits to state a material fact required to be stated therein
2 or necessary to make the statements therein not mislead-
3 ing, shall upon conviction be fined not more than \$25,000
4 or imprisoned not more than two years, or both.

5 SEC. 417. ASSISTANCE TO INTERNATIONAL ORGANI-
6 ZATION.—Whenever it will assist in achieving purposes
7 declared in this Act, the President is authorized to use funds
8 available under sections 131 and 403 in order to furnish
9 assistance, including by transfer of funds, directly to the
10 North Atlantic Treaty Organization, for a strategic stock-
11 pile of foodstuffs and other supplies, or for other purposes.

12 SEC. 418. FACILITATION AND ENCOURAGEMENT OF
13 TRAVEL.—The President, through such officer or commis-
14 sion as he may designate, shall facilitate and encourage,
15 without cost to the United States except for administrative
16 expenses, the promotion and development of travel by
17 citizens of the United States to and within countries receiving
18 assistance under this Act and travel by citizens of such
19 countries to the United States.

20 TITLE V—MISCELLANEOUS PROVISIONS

21 CHAPTER 1. GENERAL PROVISIONS

22 SEC. 501. TRANSFERABILITY OF FUNDS.—Whenever
23 the President determines it to be necessary for the purposes
24 of this Act, not to exceed 10 per centum of the funds made
25 available pursuant to any provision of this Act may be trans-

1 ferred to and consolidated with the funds made available
2 pursuant to any other provision of this Act, and may be
3 used for any of the purposes for which such funds may be
4 used, except that the total in the provision for the bene-
5 fit of which the transfer is made shall not be increased by
6 more than 10 per centum of the amount made available for
7 such provision pursuant to this Act. Funds transferred under
8 this section to furnish military assistance under chapter 1 of
9 title I may be expended without regard to the area limits
10 imposed by section 106 (c). Not less than 50 per centum
11 of any assistance furnished under paragraph (1), (2), or
12 (3) of section 201 (a) with funds transferred under this
13 section shall be furnished on terms of repayment in ac-
14 cordance with section 505.

15 SEC. 502. USE OF FOREIGN CURRENCY.—(a) Notwith-
16 standing section 1415 of the Supplemental Appropriation
17 Act, 1953, or any other provision of law, proceeds of sales
18 made under section 550 of the Mutual Security Act of 1951,
19 as amended, shall remain available and shall be used for any
20 of the purposes of this Act, giving particular regard to the
21 following purposes—

22 (1) for providing military assistance to nations or
23 mutual defense organizations eligible to receive assist-
24 ance under this Act;

1 (2) for purchase of goods or services in friendly
2 nations;

3 (3) for loans, under applicable provisions of this
4 Act, to increase production of goods or services, includ-
5 ing strategic materials, needed in any nation with
6 which an agreement was negotiated, or in other friendly
7 nations, with the authority to use currencies received
8 in repayment for the purposes stated in this section or
9 for deposit to the general account of the Treasury of
10 the United States;

11 (4) for developing new markets on a mutually
12 beneficial basis;

13 (5) for grants-in-aid to increase production for
14 domestic needs in friendly countries;

15 (6) for purchasing materials for United States
16 stockpiles.

17 (b) Notwithstanding section 1415 of the Supplemental
18 Appropriation Act, 1953, or any other provision of law, local
19 currencies owned by the United States shall be made avail-
20 able to appropriate committees of the Congress engaged in
21 carrying out their duties under section 136 of the Legislative
22 Reorganization Act of 1946, as amended, for their local cur-
23 rency expenses: *Provided*, That any such committee of the
24 Congress which uses local currency shall make a full account-

1 ing thereof to the Committee on House Administration of the
2 House of Representatives (if the committee using such cur-
3 rency is a committee of the House of Representatives) or to
4 the Committee on Rules and Administration of the Senate (if
5 the committee using such currency is a committee of the
6 Senate), showing the total amount of such currency so used
7 in each country and the purposes for which it was expended.

8 SEC. 503. TERMINATION OF ASSISTANCE.—(a) If the
9 President determines that the furnishing of assistance to any
10 nation under any provision of this Act—

11 (1) is no longer consistent with the national inter-
12 est or security or the foreign policy of the United
13 States; or

14 (2) would no longer contribute effectively to the
15 purposes for which such assistance is furnished; or

16 (3) is no longer consistent with the obligations and
17 responsibilities of the United States under the Charter
18 of the United Nations,

19 he shall terminate all or part of any assistance furnished
20 pursuant to this Act. If the President determines that any
21 nation which is receiving assistance under chapter 1 of
22 title I of this Act is not making its full contribution to
23 its own defense or to the defense of the area of which
24 it is a part, he shall terminate all or part of such
25 assistance.

1 (b) Assistance to any nation under any provision of
2 this Act may, unless sooner terminated by the President,
3 be terminated by concurrent resolution.

4 (c) Funds made available under this Act shall remain
5 available for twelve months from the date of termination
6 under this section for the necessary expenses of liquidating
7 assistance programs.

8 SEC. 504. SMALL BUSINESS.—(a) Insofar as practica-
9 ble and to the maximum extent consistent with the accom-
10 plishment of the purposes of this Act, the President shall as-
11 sist American small business to participate equitably in the
12 furnishing of commodities and services financed with funds
13 authorized under titles II, III, and IV, and chapters 2 and
14 3 of title I, of this Act—

15 (1) by causing to be made available to suppliers in
16 the United States and particularly to small independent
17 enterprises, information, as far in advance as possible,
18 with respect to purchases proposed to be financed with
19 such funds,

20 (2) by causing to be made available to prospective
21 purchasers in the nations receiving assistance under this
22 Act information as to commodities and services produced
23 by small independent enterprises in the United States,
24 and

25 (3) by providing for additional services to give

1 small business better opportunities to participate in the
2 furnishing of commodities and services financed with
3 such funds.

4 (b) There shall be an Office of Small Business, headed
5 by a Special Assistant for Small Business, in such United
6 States Government agency as the President may direct, to
7 assist in carrying out the provisions of subsection (a) of this
8 section.

9 (c) The Secretary of Defense shall assure that there is
10 made available to suppliers in the United States, and particu-
11 larly to small independent enterprises, information
12 with respect to purchases made by the Department of De-
13 fense pursuant to chapter 1 of title I, such information
14 to be furnished as far in advance as possible.

15 SEC. 505. LOAN ASSISTANCE.—(a) Not less than 10
16 per centum of the amounts obligated from funds appropriated
17 pursuant to titles I and II (excluding funds previously
18 appropriated and continued available pursuant to such titles)
19 shall be obligated for furnishing assistance on terms of repay-
20 ment (including repayment in foreign currencies or by trans-
21 fer to the United States of materials required for stockpiling
22 or other purposes).

23 (b) Funds for the purpose of furnishing assistance on
24 terms of repayment shall be allocated to the Export-Import

1 Bank of Washington, which shall, notwithstanding the pro-
2 visions of the Export-Import Bank Act of 1945 (59 Stat.
3 526), as amended, make and administer the credit on such
4 terms. Credits made by the Export-Import Bank of Wash-
5 ington with funds so allocated to it shall not be considered in
6 determining whether the Bank has outstanding at any one
7 time loans and guaranties to the extent of the limitation im-
8 posed by section 7 of the Export-Import Bank Act of 1945
9 (59 Stat. 529), as amended. Amounts received in repay-
10 ment of principal and interest on any loan made under this
11 section shall be held by the Treasury to be used for such pur-
12 poses, including further loans, as may be authorized from
13 time to time by Congress. Amounts received in repayment
14 of principal and interest on any credits made under paragraph
15 111 (c) (2) of the Economic Cooperation Act of 1948, as
16 amended, shall be deposited into miscellaneous receipts of the
17 Treasury, except that, to the extent required for such pur-
18 pose, amounts received in repayment of principal and interest
19 on any credits made out of funds realized from the sale of
20 notes heretofore authorized to be issued for the purpose of
21 financing assistance on a credit basis under paragraph 111
22 (c) (2) of the Economic Cooperation Act of 1948, as
23 amended, shall be deposited into the Treasury for the pur-
24 pose of the retirement of such notes.

1 SEC. 506. PATENTS AND TECHNICAL INFORMATION.—

2 (a) As used in this section—

3 (1) the term “invention” means an invention or
4 discovery covered by a patent issued by the United
5 States; and

6 (2) the term “information” means information
7 originated by or peculiarly within the knowledge of the
8 owner thereof and those in privity with him, which is
9 not available to the public and is subject to protection as
10 property under recognized legal principles.

11 (b) Whenever, in connection with the furnishing of
12 any assistance in furtherance of the purposes of this Act—

13 (1) use within the United States, without author-
14 ization by the owner, shall be made of an invention; or

15 (2) damage to the owner shall result from the
16 disclosure of information by reason of acts of the United
17 States or its officers or employees,

18 the exclusive remedy of the owner of such invention or
19 information shall be by suit against the United States in
20 the Court of Claims or in the District Court of the United
21 States for the district in which such owner is a resident
22 for reasonable and entire compensation for unauthorized
23 use or disclosure. In any such suit the United States may

1 avail itself of any and all defenses, general or special, that
2 might be pleaded by any defendant in a like action.

3 (c) Before such suit against the United States has been
4 instituted, the head of the appropriate United States Gov-
5 ernment agency, which has furnished any assistance in fur-
6 therance of the purposes of this Act, is authorized and em-
7 powered to enter into an agreement with the claimant, in
8 full settlement and compromise of any claim against the
9 United States hereunder.

10 (d) The provisions of the last sentence of section 1498
11 of title 28 of the United States Code shall apply to inven-
12 tions and information covered by this section.

13 (e) Except as otherwise provided by law, no recovery
14 shall be had for any infringement of a patent committed
15 more than six years prior to the filing of the complaint or
16 counterclaim for infringement in the action, except that the
17 period between the date of receipt by the Government of a
18 written claim under subsection (c) above for compensa-
19 tion for infringement of a patent and the date of mailing
20 by the Government of a notice to the claimant that his
21 claim has been denied shall not be counted as part of the
22 six years, unless suit is brought before the last-mentioned
23 date.

1 SEC. 507. AVAILABILITY OF FUNDS.—Except as other-
2 wise provided in sections 104, 105, 405, and 413, funds
3 shall be available to carry out the provisions of this Act
4 (other than sections 416 and 418) as authorized and appro-
5 priated to the President each fiscal year.

6 SEC. 508. LIMITATION ON FUNDS FOR PROPAGANDA.—
7 None of the funds herein authorized to be appropriated nor
8 any counterpart funds shall be used to pay for personal
9 services or printing, or for other expenses of the dissemina-
10 tion within the United States of general propaganda in sup-
11 port of the mutual security program, or to pay the travel or
12 other expenses outside the United States of any citizen or
13 group of citizens of the United States for the purpose of
14 publicizing such program within the United States.

15 SEC. 509. PURCHASE OF COMMODITIES.—No funds
16 made available under title II or chapter 3 of title I of this
17 Act shall be used for the purchase in bulk of any commodi-
18 ties at prices higher than the market price prevailing in the
19 United States at the time of the purchase adjusted for differ-
20 ences in the cost of transportation to destination, quality,
21 and terms of payment. A bulk purchase within the mean-
22 ing of this section does not include the purchase of raw
23 cotton in bales. Funds made available under title II or

1 chapter 3 of title I of this Act may be used for the pro-
2 curement of commodities outside the United States unless
3 the President determines that such procurement will result
4 in adverse effects upon the economy of the United States,
5 with special reference to any areas of labor surplus, or upon
6 the industrial mobilization base, which outweigh the eco-
7 nomic advantages to the United States of less costly procure-
8 ment abroad. In providing for the procurement of any
9 surplus agricultural commodity for transfer by grant under
10 this Act to any recipient nation in accordance with the
11 requirements of such nation, the President shall, insofar as
12 practicable and where in furtherance of the purposes of this
13 Act, authorize the procurement of such surplus agricultural
14 commodity only within the United States except to the ex-
15 tent that any such surplus agricultural commodity is not
16 available in the United States in sufficient quantities to sup-
17 ply the requirements of the nations receiving assistance
18 under this Act.

19 SEC. 510. RETENTION AND RETURN OF EQUIP-
20 MENT.—(a) No equipment or materials may be transferred
21 under title I out of military stocks if the Secretary of De-
22 fense, after consultation with the Joint Chiefs of Staff, de-
23 termines that such transfer would be detrimental to the

1 national security of the United States, or that such equip-
2 ment or materials are needed by the reserve components of
3 the Armed Forces to meet their training requirements.

4 (b) Any equipment, materials, or commodities pro-
5 cured to carry out this Act shall be retained by, or, upon re-
6 imbursement, transferred to and for the use of, such United
7 States Government agency as the President may determine
8 in lieu of being disposed of to a foreign nation or interna-
9 tional organization whenever in the judgment of the Presi-
10 dent the best interests of the United States will be served
11 thereby, or whenever such retention is called for by concur-
12 rent resolution. Any commodities so retained may be dis-
13 posed of without regard to provisions of law relating to the
14 disposal of Government-owned property, when necessary to
15 prevent spoilage or wastage of such commodities or to con-
16 serve the usefulness thereof. Funds realized from any such
17 disposal or transfer shall revert to the respective appropriation
18 or appropriations out of which funds were expended for the
19 procurement of such equipment, materials, or commodities or
20 to appropriations currently available for such procurement.

21 (c) The President shall make appropriate arrange-
22 ments with each nation receiving equipment or materials
23 under chapter 1 of title I (other than equipment or
24 materials sold under the provisions of section 107) for the

1 return to the United States (1) for salvage or scrap, or (2)
2 for such other disposition as the President shall deem to be
3 in the interest of mutual security, of any such equipment or
4 materials which are no longer required for the purposes for
5 which originally made available.

6 SEC. 511. PENAL PROVISION.—Whoever offers or gives
7 to anyone who is or in the preceding two years has been an
8 employee or officer of the United States any commission,
9 payment, or gift, in connection with the procurement of
10 equipment, materials, commodities, or services under this
11 Act in connection with which procurement said officer,
12 employee, former officer or former employee is or was
13 employed or performed duty or took any action during such
14 employment, and whoever, being or having been an em-
15 ployee or officer of the United States in the preceding two
16 years, solicits, accepts, or offers to accept any commission,
17 payment, or gift in connection with the procurement of
18 equipment, materials, commodities, or services under this
19 Act in connection with which procurement said officer,
20 employee, former officer or former employee is or was
21 employed or performed duty or took any action during such
22 employment, shall upon conviction thereof be subject to a
23 fine of not to exceed \$10,000 or imprisonment for not to
24 exceed three years, or both: *Provided*, That this section

1 shall not apply to persons appointed pursuant to sections
2 307 or 530 (a) of this Act.

3 SEC. 512. NOTICE TO LEGISLATIVE COMMITTEES.—

4 When any transfer is made under section 106 (d) or section
5 501, or any other action is taken under this Act which will
6 result in furnishing assistance of a kind, for a purpose, or to
7 an area, substantially different from that included in the
8 presentation to the Congress during its consideration of this
9 Act, or which will result in expenditures greater by 50 per
10 centum or more than the proposed expenditures included in
11 such presentation for the program or project concerned,
12 the President or such officer as he may designate shall
13 promptly notify the Committee on Foreign Relations of the
14 Senate, the Committee on Foreign Affairs of the House of
15 Representatives and, when military assistance is involved,
16 the Committees on Armed Services of the Senate and
17 House of Representatives, stating the justification for such
18 change. Notice shall also be given to the Committee on
19 Foreign Relations of the Senate and the Committee on
20 Foreign Affairs of the House of Representatives of any
21 determination under the first sentence of section 401 (except
22 with respect to unvouchered funds), and copies of any
23 certification as to loyalty under section 531 shall be filed
24 with such committees.

1 SEC. 513. SHIPPING ON UNITED STATES VESSELS.—

2 Such steps as may be necessary shall be taken to assure,
3 as far as practicable, that at least 50 per centum of the
4 gross tonnage of commodities, materials and equipment
5 procured out of funds made available under sections 103,
6 105, 123, 131, 132 (a), 201, and 303 of this Act and
7 transported to or from the United States on ocean vessels,
8 computed separately for dry bulk carriers, dry cargo liner
9 and tanker services and computed separately for sections
10 103 and 105 (taken together) and for sections 123, 131,
11 132 (a), 201, and 303 (taken together) is so transported
12 on United States flag commercial vessels to the extent such
13 vessels are available at market rates for United States flag
14 commercial vessels; and, in the administration of this pro-
15 vision, steps shall be taken, insofar as practicable and con-
16 sistent with the purposes of this Act, to secure a fair and
17 reasonable participation by United States flag commercial
18 vessels in cargoes by geographic area.

19 CHAPTER 2. ORGANIZATION AND ADMINISTRATION

20 SEC. 521. DELEGATION OF AUTHORITY BY THE PRESI-
21 DENT.—The President may exercise any power or authority
22 conferred on him by this Act through such agency or officer
23 of the United States as he shall direct, and the head of such
24 agency or such officer may from time to time promulgate

1 such rules and regulations as may be necessary and proper
2 to carry out functions under this Act and may delegate
3 authority to perform any of such functions to his subordi-
4 nates acting under his direction.

5 SEC. 522. ALLOCATION AND REIMBURSEMENT AMONG
6 AGENCIES.—(a) The President may allocate or transfer to
7 any United States Government agency any part of any
8 funds available for carrying out the purposes of this
9 Act, including any advance to the United States by any
10 nation or international organization for the procurement
11 of equipment or materials or services. Such funds shall
12 be available for obligation and expenditure for the pur-
13 poses for which authorized, in accordance with authority
14 granted in this Act or under authority governing the
15 activities of the Government agencies to which such funds
16 are allocated or transferred. Funds allocated to the Depart-
17 ment of Defense shall be governed by the procedures of
18 subsection (c) of this section.

19 (b) Any officer of the United States performing func-
20 tions under this Act may utilize the services and facilities
21 of, or procure commodities from, any United States Gov-
22 ernment agency as the President shall direct, or with the
23 consent of the head of such agency, and funds allocated
24 pursuant to this subsection to any such agency may be

1 established in separate appropriation accounts on the books
2 of the Treasury.

3 (c) Reimbursement shall be made to any United States
4 Government agency, from funds available to carry out
5 chapter 1 of title I of this Act, for any assistance fur-
6 nished under that chapter from, by, or through such
7 agency. Such reimbursement shall be in an amount equal
8 to the value (as defined in section 545) of the equipment
9 and materials, services (other than salaries of members
10 of the Armed Forces of the United States), or other assist-
11 ance furnished, plus expenses arising from or incident to
12 operations under that chapter. The amount of any such
13 reimbursement shall be credited as reimbursable receipts
14 to current applicable appropriations, funds, or accounts of
15 such agency and shall be available for, and under the
16 authority applicable to, the purposes for which such appro-
17 priations, funds, or accounts are authorized to be used,
18 including the procurement of equipment and materials
19 or services, required by such agency, in the same general
20 category as those furnished by it or authorized to be
21 procured by it and expenses arising from and incident
22 to such procurement.

23 (d) In the case of any commodity, service, or facility
24 procured from any United States Government agency under

1 any provision of this Act other than chapter 1 of title I,
2 reimbursement or payment shall be made to such agency
3 from funds available to carry out such provision. Such
4 reimbursement or payment shall be at replacement cost, or,
5 if required by law, at actual cost, or at any other price
6 authorized by law and agreed to by the owning or disposal
7 agency. The amount of any such reimbursement or pay-
8 ment shall be credited to current applicable appropriations,
9 funds, or accounts from which there may be procured
10 replacements of similar commodities, services, or facilities,
11 except that where such appropriations, funds, or accounts
12 are not reimbursable except by reason of this subsection,
13 and when the owning agency determines that such replace-
14 ment is not necessary, any funds received in payment
15 therefor shall be covered into the Treasury as miscellaneous
16 receipts.

17 (e) In furnishing assistance under this Act accounts
18 may be established on the books of any United States
19 Government agency or, on terms and conditions approved
20 by the Secretary of the Treasury, in banking institutions
21 in the United States, against which (i) letters of com-
22 mitment may be issued which shall constitute obligations
23 of the United States, and moneys due or to become due
24 under such letters of commitment shall be assignable under
25 the Assignment of Claims Act of 1940, as amended, and

1 (ii) withdrawals may be made by recipient nations or
2 agencies, organizations or persons upon presentation of
3 contracts, invoices, or other appropriate documentation.
4 Expenditure of funds which have been made available through
5 accounts so established shall be accounted for on standard
6 documentation required for expenditure of Government funds:
7 *Provided*, That such expenditures for commodities or services
8 procured outside the continental limits of the United States
9 may be accounted for exclusively on such certification as may
10 be prescribed in regulations approved by the Comptroller
11 General of the United States.

12 SEC. 523. COORDINATION WITH FOREIGN POLICY.—

13 (a) Nothing contained in this Act shall be construed to
14 infringe upon the powers or functions of the Secretary of
15 State.

16 (b) The President shall prescribe appropriate proce-
17 dures to assure coordination among representatives of the
18 United States Government in each country, under the leader-
19 ship of the Chief of the United States Diplomatic Mission.

20 SEC. 524. THE SECRETARY OF DEFENSE.—(a) In the
21 case of aid under chapter 1 of title I of this Act, the Secre-
22 tary of Defense shall have primary responsibility for—

23 (1) the determination of military end-item require-
24 ments;

25 (2) the procurement of military equipment in a

1 manner which permits its integration with service
2 programs;

3 (3) the supervision of end-item use by the recipi-
4 ent countries;

5 (4) the supervision of the training of foreign mili-
6 tary personnel;

7 (5) the movement and delivery of military end-
8 items; and

9 (6) within the Department of Defense, the per-
10 formance of any other functions with respect to the
11 furnishing of military assistance.

12 (b) The establishment of priorities in the procurement,
13 delivery, and allocation of military equipment shall be de-
14 termined by the Secretary of Defense. The determination
15 of the value of the program for any country under chap-
16 ter 1 of title I shall be made by the President.

17 SEC. 525. FOREIGN OPERATIONS ADMINISTRATION.—
18 Except as modified pursuant to this section or section 521,
19 the Director of the Foreign Operations Administration (re-
20 ferred to in this chapter as the “Director”) shall continue
21 to perform the functions vested in him on the effective date
22 of this Act, except insofar as such functions relate to continu-
23 ous supervision and general direction of programs of military
24 assistance. The President may transfer to any agency or

1 officer of the United States, and may modify or abolish, any
2 function, office, or entity of the Foreign Operations Admin-
3 istration or any officer or employee thereof, and may transfer
4 such personnel, property, records, and funds as may be neces-
5 sary incident thereto.

6 SEC. 526. MISSIONS AND STAFFS ABROAD.—The Presi-
7 dent may maintain special missions or staffs abroad in such
8 nations and for such periods of time as may be necessary to
9 carry out this Act. Each such special mission or staff shall
10 be under the direction of a chief. The chief and his deputy
11 shall be appointed by the President and may, notwithstand-
12 ing any other law, be removed by the President at his dis-
13 cretion. The chief shall be entitled to receive (1) in cases
14 approved by the President, the same compensation and
15 allowances as a chief of mission, class 3, or a chief of mission,
16 class 4, within the meaning of the Foreign Service Act of
17 1946 (22 U. S. C. 801), or (2) compensation and allow-
18 ances in accordance with section 527 (c) of this Act, as the
19 President shall determine to be appropriate.

20 SEC. 527. EMPLOYMENT OF PERSONNEL.—(a) Any
21 United States Government agency performing functions
22 under this Act is authorized to employ such personnel as the
23 President deems necessary to carry out the provisions and
24 purposes of this Act.

1 (b) Of the personnel employed in the United States on
2 programs authorized by this Act, not to exceed sixty may be
3 compensated without regard to the provisions of the Classifi-
4 cation Act of 1949, as amended, of whom not to exceed
5 thirty-five may be compensated at rates higher than those
6 provided for grade 15 of the general schedule established
7 by the Classification Act of 1949, as amended, and of these,
8 not to exceed fifteen may be compensated at a rate in excess
9 of the highest rate provided for grades of such general
10 schedule but not in excess of \$15,000 per annum. Such
11 positions shall be in addition to those authorized by law to
12 be filled by Presidential appointment, and in addition to the
13 number authorized by section 505 of the Classification Act
14 of 1949, as amended.

15 (c) For the purpose of performing functions under this
16 Act outside the continental limits of the United States, the
17 Director may—

18 (1) employ or assign persons, or authorize the em-
19 ployment or assignment of officers or employees of other
20 United States Government agencies, who shall receive
21 compensation at any of the rates provided for the For-
22 eign Service Reserve and Staff by the Foreign Service
23 Act of 1946, as amended (22 U. S. C. 801), together
24 with allowances and benefits established thereunder in-
25 cluding, in all cases, post differentials prescribed under

1 section 443 of the Foreign Service Act; and persons so
2 employed or assigned shall be entitled to the same bene-
3 fits as are provided by section 528 of the Foreign Serv-
4 ice Act for persons appointed to the Foreign Service
5 Reserve; and

6 (2) utilize such authority, including authority to
7 appoint and assign personnel for the duration of opera-
8 tions under this Act, contained in the Foreign Service
9 Act of 1946, as amended (22 U. S. C. 801), as the
10 President deems necessary to carry out functions under
11 this Act. Such provisions of the Foreign Service Act as
12 the President deems appropriate shall apply to person-
13 nel appointed or assigned under this paragraph, includ-
14 ing, in all cases, the provisions of sections 443 and 528
15 of that Act.

16 (d) For the purpose of performing functions under this
17 Act outside the continental limits of the United States, the
18 Secretary of State may, at the request of the Director,
19 appoint for the duration of operations under this Act alien
20 clerks and employees in accordance with applicable pro-
21 visions of the Foreign Service Act of 1946, as amended
22 (22 U. S. C. 801).

23 SEC. 528. DETAIL OF PERSONNEL TO FOREIGN GOV-
24 ERNMENTS.—(a) Whenever the President determines it to
25 be consistent with and in furtherance of the purposes of this

1 Act, the head of any United States Government agency is
2 authorized to detail or assign any officer or employee of his
3 agency to any office or position to which no compensation
4 is attached with any foreign government or foreign gov-
5 ernment agency: *Provided*, That such acceptance of office
6 shall in no case involve the taking of an oath of allegiance
7 to another government.

8 (b) Any such officer or employee, while so assigned
9 or detailed, shall be considered, for the purpose of preserving
10 his privileges, rights, seniority, or other benefits as such,
11 an officer or employee of the Government of the United
12 States and of the Government agency from which assigned
13 or detailed, and he shall continue to receive compensation,
14 allowances, and benefits from funds available to that agency
15 or made available to that agency out of funds authorized
16 under this Act.

17 SEC. 529. DETAIL OF PERSONNEL TO INTERNATIONAL
18 ORGANIZATIONS.—(a) Whenever the President determines
19 it to be consistent with and in furtherance of the purposes
20 of this Act, the head of any United States Government
21 agency is authorized to detail, assign, or otherwise make
22 available to any international organization any officer or
23 employee of his agency to serve with or as a member of
24 the international staff of such organization, or to render

1 any technical, scientific or professional advice or service
2 to or in cooperation with such organization.

3 (b) Any such officer or employee, while so assigned or
4 detailed, shall be considered, for the purpose of preserving
5 his allowances, privileges, rights, seniority and other bene-
6 fits as such, an officer or employee of the Government of
7 the United States and of the Government agency from
8 which detailed or assigned, and he shall continue to receive
9 compensation, allowances, and benefits from funds avail-
10 able to that agency or made available to that agency out
11 of funds authorized under this Act. He may also receive,
12 under such regulations as the President may prescribe,
13 representation allowances similar to those allowed under
14 section 901 of the Foreign Service Act of 1946, as amended
15 (22 U. S. C. 801). The authorization of such allowances
16 and other benefits and the payment thereof out of any
17 appropriations available therefor shall be considered as
18 meeting all the requirements of section 1765 of the Revised
19 Statutes.

20 (c) Details or assignments may be made under this
21 section—

22 (1) without reimbursement to the United States
23 by the international organization;

24 (2) upon agreement by the international organiza-

1 tion to reimburse the United States for compensation,
2 travel expenses, and allowances, or any part thereof,
3 payable to such officer or employee during the period of
4 assignment or detail in accordance with subsection (b)
5 of this section; and such reimbursement shall be credited
6 to the appropriation, fund, or account utilized for paying
7 such compensation, travel expenses, or allowances, or to
8 the appropriation, fund or account currently available for
9 such purposes;

10 (3) upon an advance of funds, property, or services
11 to the United States accepted with the approval of the
12 President for specified uses in furtherance of the purposes
13 of this Act; and funds so advanced may be established as
14 a separate fund in the Treasury of the United States, to
15 be available for the specified uses, and to be used for re-
16 imbursement of appropriations or direct expenditure sub-
17 ject to the provisions of this Act, any unexpended bal-
18 ance of such account to be returned to the international
19 organization; or

20 (4) subject to the receipt by the United States of
21 a credit to be applied against the payment by the United
22 States of its share of the expenses of the international
23 organization to which the officer or employee is detailed,

1 such credit to be based upon the compensation, travel
2 expenses and allowances, or any part thereof, payable to
3 such officer or employee during the period of assignment
4 or detail in accordance with subsection (b) of this
5 section.

6 SEC. 530. EXPERTS AND CONSULTANTS OR ORGANIZA-

7 TIONS THEREOF.—(a) Experts and consultants or organiza-
8 tions thereof, as authorized by section 15 of the Act of August
9 2, 1946 (5 U. S. C. 55a), may be employed by any United
10 States Government agency for the performance of functions
11 under this Act, and individuals so employed may be compen-
12 sated at rates not in excess of \$75 per diem, and while away
13 from their homes or regular places of business, they may be
14 paid actual travel expenses and per diem in lieu of subsistence
15 and other expenses at a rate not to exceed \$10 while so em-
16 ployed within the continental limits of the United States and
17 at the applicable rate prescribed in the Standardized Govern-
18 ment Travel Regulations (Foreign Areas) while so em-
19 ployed outside the continental limits of the United States.

20 (b) Persons of outstanding experience and ability may
21 be employed without compensation by any United States
22 Government agency for the performance of functions under
23 this Act in accordance with the provisions of section 710

1 (b) of the Defense Production Act of 1950, as amended
2 (50 U. S. C. App. 2160), and regulations issued there-
3 under.

4 SEC. 531. SECURITY CLEARANCE.—No citizen or resi-
5 dent of the United States may be employed, or if already
6 employed, may be assigned to duties by the Director under
7 this Act for a period to exceed three months unless—

8 (a) such individual has been investigated as to
9 loyalty and security by the Civil Service Commission, or
10 by the Federal Bureau of Investigation in the case of
11 specific positions which have been certified by the Direc-
12 tor as being of a high degree of importance or sensitivity
13 or in case the Civil Service Commission investigation
14 develops data reflecting that the individual is of ques-
15 tionable loyalty, and a report thereon has been made
16 to the Director, and until the Director has certified in
17 writing (and filed copies thereof with the Senate Com-
18 mittee on Foreign Relations and the House Committee
19 on Foreign Affairs) that, after full consideration of such
20 report, he believes such individual is loyal to the United
21 States, its Constitution, and form of government, and
22 is not now and has never knowingly been a member of
23 any organization advocating contrary views; or

24 (b) such individual has been investigated by a mili-

1 tary intelligence agency and the Secretary of Defense
2 has certified in writing that he believes such individual
3 is loyal to the United States and filed copies thereof with
4 the Senate Committee on Foreign Relations and the
5 House Committee on Foreign Affairs.

6 This section shall not apply in the case of any officer
7 appointed by the President by and with the advice and con-
8 sent of the Senate, nor shall it apply in the case of any
9 person already employed under programs covered by this
10 Act who has been previously investigated in connection
11 with such employment.

12 SEC. 532. EXEMPTION OF PERSONNEL FROM CERTAIN
13 FEDERAL LAWS.—(a) Service of an individual as a member
14 of the Board established pursuant to section 307 of this
15 Act or as an expert or consultant under section 530 (a)
16 shall not be considered as service or employment bring-
17 ing such individual within the provisions of title 18, U. S. C.,
18 sections 281, 283 or 284, or of section 190 of the Revised
19 Statutes (5 U. S. C. 99), or of any other Federal law
20 imposing restrictions, requirements, or penalties in relation
21 to the employment of persons, the performance of services,
22 or the payment or receipt of compensation in connection
23 with any claim, proceeding, or matter involving the United
24 States, except insofar as such provisions of law may pro-

1 hibit any such individual from receiving compensation in
2 respect of any particular matter in which such individual
3 was directly involved in the performance of such service;
4 nor shall such service be considered as employment or hold-
5 ing of office or position bringing such individual within the
6 provisions of section 6 of the Act of May 22, 1920, as
7 amended (5 U. S. C. 715), section 212 of the Act of June
8 30, 1932, as amended (5 U. S. C. 59a), or any other Fed-
9 eral law limiting the reemployment of retired officers or
10 employees or governing the simultaneous receipt of compen-
11 sation and retired pay or annuities.

12 (b) Notwithstanding section 2 of the Act of July 31,
13 1894 (5 U. S. C. 62), which prohibits certain retired offi-
14 cers from holding certain office, any retired officer of any of
15 the services mentioned in the Career Compensation Act of
16 1949 may hold any office or appointment under this Act or
17 the Mutual Defense Assistance Control Act of 1951, but the
18 compensation of any such retired officer shall be subject to
19 the provisions of the Act of June 30, 1932 (5 U. S. C.
20 59a), which does not permit retired pay to be added to the
21 compensation received as a civilian officer.

22 SEC. 533. REPORTS.—The President, from time to time
23 while funds appropriated for the purpose of this Act con-
24 tinue to be available for obligation, shall transmit to the
25 Congress reports covering each six months of operations, in

1 furtherance of the purposes of this Act, except information
2 the disclosure of which he deems incompatible with the
3 security of the United States. Reports provided for under
4 this section shall be transmitted to the Secretary of the
5 Senate or the Clerk of the House of Representatives, as the
6 case may be, if the Senate or the House of Representatives,
7 as the case may be, is not in session. Such reports shall
8 include detailed information on the implementation of sections
9 504 and 414 (b) of this Act.

10 SEC. 534. COOPERATION WITH INTERNATIONAL OR-
11 GANIZATIONS.—(a) The President is authorized to request
12 the cooperation of or the use of the services and facilities of
13 the United Nations, its organs and specialized agencies, or
14 other international organizations, in carrying out the pur-
15 poses of this Act, and may make payments by advancements
16 or reimbursements, for such purposes, out of funds made
17 available for the purposes of this Act, as may be necessary
18 therefor, to the extent that special compensation is usually
19 required for such services and facilities: *Provided*, That
20 nothing in this section shall be construed to authorize the
21 delegation to any international or foreign organization or
22 agency of authority to decide the method of furnishing assist-
23 ance under this Act to any country or the amount thereof.

24 (b) Whenever the President determines it to be in
25 furtherance of the purposes of this Act, United States

1 Government agencies, on request of international organiza-
2 tions, are authorized to furnish supplies, materials, and serv-
3 ices, on an advance of funds or reimbursement basis, to such
4 organizations. Such advances or reimbursements may be
5 credited to the current applicable appropriation or fund of
6 the agency concerned and shall be available for the purposes
7 for which such appropriations and funds are authorized to be
8 used.

9 CHAPTER 3. REPEAL AND MISCELLANEOUS
10 PROVISIONS

11 SEC. 541. EFFECTIVE DATE.—This Act shall take effect
12 on July 1, 1954.

13 SEC. 542. STATUTES REPEALED.—(a) There are hereby
14 repealed—

15 (1) an Act to provide for assistance to Greece and
16 Turkey, approved May 22, 1947, as amended;

17 (2) the joint resolution to provide for relief assist-
18 ance to the people of countries devastated by war, ap-
19 proved May 31, 1947, as amended;

20 (3) the Foreign Aid Act of 1947;

21 (4) the Foreign Assistance Act of 1948, as
22 amended; including the Economic Cooperation Act of
23 1948, as amended, the International Children's Emer-

1 agency Fund Assistance Act of 1948, as amended, the
2 Greek-Turkish Assistance Act of 1948, and the China
3 Aid Act of 1948, as amended;

4 (5) the Mutual Defense Assistance Act of 1949,
5 as amended;

6 (6) the Foreign Economic Assistance Act of 1950,
7 as amended; including the Economic Cooperation Act
8 of 1950, the China Area Aid Act of 1950, as amended,
9 the United Nations Palestine Refugee Aid Act of 1950,
10 and the Act for International Development, as amended;

11 (7) the Far Eastern Economic Assistance Act of
12 1950, as amended;

13 (8) the Yugoslav Emergency Relief Assistance
14 Act of 1950;

15 (9) the Mutual Security Act of 1951, as amended;

16 (10) the Mutual Security Act of 1952;

17 (11) the Mutual Security Act of 1953;

18 (12) section 12 of the joint resolution of Congress
19 approved November 4, 1939 (54 Stat. 10; 22 U. S. C.
20 452) ;

21 (13) section 4 of the Act of March 3, 1925 (50
22 Stat. 887; 50 U. S. C. 165) ; and

23 (14) section 968 of title 18, United States Code.

1 (b) References in other Acts to the Acts listed in sub-
2 section (a) shall hereafter be considered to be references to
3 the appropriate provisions of this Act.

4 (c) The repeal of the Acts listed in subsection (a)
5 shall not be deemed to affect amendments contained in such
6 Acts to Acts not named in subsection (a).

7 SEC. 543. SAVING PROVISIONS.—

8 (a) Except as may be expressly provided to the con-
9 trary in this Act, all determinations, authorizations, regula-
10 tions, orders, contracts, agreements, and other actions is-
11 sued, undertaken or entered into under authority of any
12 provision of law repealed by section 542 shall continue in
13 full force and effect until modified by appropriate authority.

14 (b) Where provisions of this Act establish conditions
15 which must be complied with before use may be made of au-
16 thority contained in or funds authorized by this Act, com-
17 pliance with substantially similar conditions under Acts
18 named in section 542 shall be deemed to constitute compli-
19 ance with the conditions established by this Act.

20 (c) No person in the service or employment of the
21 United States or otherwise performing functions under an
22 Act repealed by section 542 or under section 408 shall be re-
23 quired to be reappointed or reemployed by reason of the
24 entry into force of this Act, except that appointments made
25 pursuant to section 110 (a) (2) of the Economic Coopera-

tion Act of 1948, as amended, shall be converted to appointments under section 527 (c) of this Act.

SEC. 544. AMENDMENTS TO OTHER LAWS.—(a) Title X of the United States Information and Educational Exchange Act of 1948, as amended (22 U. S. C. 1431), is amended by adding the following new section:

“INFORMATIONAL MEDIA GUARANTIES

“SEC. 1011. The Director of the United States Information Agency may make guaranties, in accordance with the provisions of subsection (b) of section 414 of the Mutual Security Act of 1954, of investments in enterprises producing or distributing informational media consistent with the national interests of the United States against funds heretofore made available by notes issued to the Secretary of the Treasury pursuant to section 111 (c) (2) of the Economic Cooperation Act of 1948, as amended, for purposes of guaranties of investments: *Provided, however,* That the amount of such guaranties in any fiscal year shall be determined by the President but shall not exceed \$10,000,000.”

(b) Section 1 of Public Law 283, Eighty-first Congress, is repealed. The Institute of Inter-American Affairs, created pursuant to Public Law 369, Eightieth Congress (22 U. S. C. 281), shall have succession until June 30, 1960, and may make contracts for periods not to exceed five years: *Provided,* That any contract extending beyond June

1 30, 1960, shall be made subject to termination by the said
2 Institute upon notice: *And provided further*, That the said
3 Institute shall, on and after July 1, 1954, be subject to the
4 applicable provisions of the Budget and Accounting Act,
5 1921, as amended (31 U. S. C. 1), in lieu of the provisions
6 of the Government Corporation Control Act, as amended
7 (31 U. S. C. 841).

8 SEC. 545. DEFINITIONS.—For the purposes of this Act—

9 (a) The term “commodity” includes any commodity,
10 material, article, supply, or goods.

11 (b) The term “surplus agricultural commodity” means
12 any agricultural commodity or product thereof, class, kind,
13 type, or other specification thereof, produced in the United
14 States either publicly or privately owned, which is in excess
15 of domestic requirements, adequate carryover, and antici-
16 pated exports for dollars, as determined by the Secretary of
17 Agriculture.

18 (c) The terms “equipment” and “materials” shall mean
19 any arms, ammunition, or implements of war, or any other
20 type of material, article, raw material, facility, tool, ma-
21 chine, supply or item that would further the purpose of
22 chapter 1 of title I, or any component or part thereof, used
23 or required for use in connection therewith, or required

1 in or for the manufacture, production, processing, storage,
2 transportation, repair, or rehabilitation of any equipment
3 or materials, but shall not include merchant vessels.

4 (d) The term "mobilization reserve", as used with re-
5 spect to any equipment or materials, means the quantity of
6 such equipment or materials determined by the Secretary of
7 Defense under regulations prescribed by the President to be
8 required to support mobilization of the Armed Forces of the
9 United States in the event of war or national emergency
10 until such time as adequate additional quantities of such
11 equipment or materials can be procured.

12 (e) The term "excess", as used with respect to any
13 equipment or materials, means the quantity of such equip-
14 ment or materials owned by the United States which is
15 in excess of the mobilization reserve of such equipment or
16 materials.

17 (f) The term "services" shall include any service,
18 repair, training of personnel, or technical or other assist-
19 ance or information necessary to effectuate the purposes
20 of this Act.

21 (g) The term "Armed Forces of the United States"
22 shall include any component of the Army of the United
23 States, of the United States Navy, of the United States

1 Marine Corps, of the Air Force of the United States, of the
2 United States Coast Guard, and the Reserve components
3 thereof.

4 (h) The term "value" means—

5 (1) with respect to any excess equipment or mate-
6 rials furnished under chapter 1 of title I, the gross cost
7 of repairing, rehabilitating, or modifying such equip-
8 ment or materials prior to being so furnished;

9 (2) with respect to any nonexcess equipment or
10 materials furnished under chapter 1 of title I which are
11 taken from the mobilization reserve (other than equip-
12 ment or materials referred to in paragraph (3) of this
13 subsection), the actual or the projected (computed as
14 accurately as practicable) cost of procuring for the mo-
15 bilization reserve an equal quantity of such equipment
16 or materials or an equivalent quantity of equipment or
17 materials of the same general type but deemed to be
18 more desirable for inclusion in the mobilization reserve
19 than the equipment or materials furnished:

20 (3) with respect to any nonexcess equipment or
21 materials furnished under chapter 1 of title I which are
22 taken from the mobilization reserve but with respect to
23 which the Secretary of Defense has certified that it is
24 not necessary fully to replace such equipment or mate-

1 rials in the mobilization reserve, the gross cost to the
2 United States of such equipment and materials or its
3 replacement cost, whichever the Secretary of Defense
4 may specify; and

5 (4) with respect to any equipment or materials
6 furnished under chapter 1 of title I which are procured
7 for the purpose of being so furnished, the gross cost to
8 the United States of such equipment and materials.

9 In determining the gross cost incurred by any agency in
10 repairing, rehabilitating, or modifying any excess equip-
11 ment furnished under chapter 1 of title I, all parts, acces-
12 sories, or other materials used in the course of repair, re-
13 habilitation, or modification shall be priced in accordance
14 with the current standard pricing policies of such agency.
15 For the purpose of this subsection, the gross cost of any
16 equipment or materials taken from the mobilization reserve
17 means either the actual gross cost to the United States of
18 that particular equipment or materials or the estimated
19 gross cost to the United States of that particular equip-
20 ment or materials obtained by multiplying the number of
21 units of such particular equipment or materials by the
22 average gross cost of each unit of that equipment and
23 materials owned by the furnishing agency.

24 (i) The term "United States Government agency"

1 means any department, agency, board, wholly or partly
2 owned corporation, or instrumentality, commission, or
3 establishment of the United States Government.

4 SEC. 546. CONSTRUCTION.—(a) If any provision of
5 this Act or the application of any provision to any circum-
6 stances or persons shall be held invalid, the validity of the
7 remainder of the Act and applicability of such provision
8 to other circumstances or persons shall not be affected
9 thereby.

10 (b) Nothing in this Act shall alter, amend, revoke,
11 repeal, or otherwise affect the provisions of the Atomic
12 Energy Act of 1946, as amended (42 U. S. C. 1801).

13 (c) Nothing in this Act is intended nor shall it be
14 construed as an expressed or implied commitment to pro-
15 vide any specific assistance, whether of funds, commodi-
16 ties, or services, to any nation or nations, or to any inter-
17 national organization.

Passed the House of Representatives June 30, 1954.

Attest:

LYLE O. SNADER,

Clerk.

AN ACT

To promote the security and foreign policy of the United States by furnishing assistance to friendly nations, and for other purposes.

JULY 1 (legislative day, JUNE 22), 1954

Read twice and referred to the Committee on
Foreign Relations

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

Issued July 12, 1954

For actions of July 9 and 10, 1954

83rd-2nd, Nos. 127 and 128

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

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July 9:

HIGHLIGHTS: Senate committee voted to report farm program bill. Sen. Butler commended President's farm program. Sen. Johnson, Tex., urged additional drought relief. House committees voted to report bills authorizing rotation of CCC stocks, certain vesicular exanthema indemnities, and (adversely) garnishment of U. S. employees' salaries. July 10: Senate passed bill authorizing cooperation with Canada and Mexico in controlling insects and plant diseases. Senate committee reported bill authorizing long-term permits on national forests. Senate committee announced vote to reduce item in foreign aid bill for surplus commodities.

SENATE - July 9

1. FARM PROGRAM. The "Daily Digest" states: "Committee on Agriculture and Forestry ..., by a vote of 11 to 2, ordered favorably reported to the Senate with amendments S. 3052, to encourage a stable, prosperous, and free agriculture. Prior to its final approval, the committee took the following additional actions: (1) Agreed to reduce from 10 to 5 years the basic period for allocating corn acreage allotments; (2) adopted provision for relief of hardship cases under wheat acreage allotments in 1-crop or summer fallow areas for 1955; (3) agreed to direct that long staple cotton price supports be set at the minimum level determined by the relationship of total supply to normal supply; and (4) agreed to add Irish and sweet potatoes for canning and freezing to marketing agreements and orders." (p. D804.)

Sen. Butler commended the farm program recommended by the President and the Secretary and inserted a letter from the Maryland Farm Bureau on this subject (p. 9633).

Sen. Sparkman stated that farm prices are going down while other prices are increasing (pp. 9679-80).

2. DROUGHT RELIEF. Sen. Johnson, Tex., described the drought condition there and urged continuation of the protein feed program or a separate program (pp. 9633-4).

3. RECLAMATION. The Interior and Insular Affairs Committee reported with amendments S. 3134, to authorize the Talent division of the Rogue project, Oreg. (S. Rept. 1760)(p. 9625).
4. EDUCATION. The Labor and Public Welfare Committee reported with amendments S. 2601, to assist in construction of elementary and secondary public school facilities (S. Rept. 1771)(p. 9625).
5. WATER COMPACT. The Interior and Insular Affairs Committee reported without amendment S. 3699, consenting to a La.-Tex. compact regarding Sabine River waters (S. Rept. 1783)(p. 9625).
6. STRATEGIC MATERIALS. The Interior and Insular Affairs Committee reported without amendment S. Res. 271, providing for an investigation of critical raw materials by this Committee (p. 9625).
7. COMMITTEE ASSIGNMENTS. Sen. Cordon was named Chairman of the Interior and Insular Affairs Committee, Sen. Crippa was assigned to the Interior and Insular Affairs Committee, and Sen. Reynolds was assigned to the Finance Committee (p. 9623).
8. FOREIGN AID. The Foreign Relations Committee, during consideration of the foreign aid bill, agreed to reduce the overall total of the program to \$3,100 million (p. D805).
9. FCA AUDIT. Received from the Acting Comptroller General a report on the audit of FCA and related corporations for the fiscal year 1953 (p. 9624).
10. FARM LABOR. Sen. Watkins inserted his statement favoring S. 3660 and 3661, to provide additional authority to prevent the illegal entry of Mexican farm laborers (pp. 9680-1).
11. STRATEGIC MATERIALS. The Minerals, Materials, and Fuels Economic Subcommittee of the Interior and Insular Affairs Committee submitted its report, pursuant to S. Res. 143, regarding accessibility of strategic and critical materials to the U. S. in time of war and for our expanding economy, and Sen. Malone inserted parts of the report in the Record (S. Rept. 1627)(pp. 9657-60).

HOUSE - July 9

12. CCC STOCKS. The Agriculture Committee voted to report (but did not actually report) S. 1381, to authorize rotation of stocks of CCC and sale of small lots of such commodities, etc. (p. D806).
13. ANIMAL DISEASES. The Agriculture Committee voted to report (but did not actually report) S. 2583, to authorize indemnities against loss of swine which were destroyed in Oregon in July 1952 as a result of vesicular exanthema (p. D806).
14. HEALTH REINSURANCE. The Interstate and Foreign Commerce Committee ordered reported (but did not actually report) H. R. 8356, to encourage more extensive use of the voluntary prepayment method for health service (p. D806).
15. PERSONNEL. A subcommittee of the Judiciary Committee reported adversely on H. R. 3602, to provide for garnishment, execution, or trustee process of wages and salaries of Government employees (p. D807).
The Post Office and Civil Service Committee voted to report (but did not actually report) H. R. 9836, a postal pay bill, and agreed to consider H. R. 8093, for other Federal employees, July 13 (p. D807).

SENATE - July 10

16. INSECTS; PLANT DISEASES. Passed without amendment S. 3697, to authorize cooperation with Canada or Mexico for the control of incipient or emergency outbreaks of insect pests or plant diseases (pp. 9697-8).
17. PUBLIC LANDS. The Interior and Insular Affairs Committee reported with amendments S. 620, to authorize long-term permits, leases, or easements on public lands, including national forests, to States and local political subdivisions (S. Rept. 1788) (p. 9683).
18. FOREIGN AID; SURPLUS COMMODITIES; EDUCATION. The "Daily Digest" states that the Foreign Relations Committee, continuing its executive consideration of H. R. 9678, the mutual security bill, announced that it had "reduced from \$500 million (House figure) to \$350 million minimum funds to be used for surplus agricultural commodities...; with regard to transferability of funds, agreed to limit reductions from any section of the bill to 10 percent of the total of that section...; and agreed to an amendment to make foreign currency available for International Educational Exchange activities." (p. D812.)
19. RECLAMATION. Passed as reported S. 964, to authorize the Fryingpan-Arkansas project, Colo. (pp. 9696-7).
The Interior and Insular Affairs Committee reported with amendments H. R. 2235, to authorize the Santa Maria project, Calif. (S. Rept. 1789) (p. 9683)
20. WATER COMPACT. Passed without amendment S. 3699, consenting to a La.-Tex. compact relating to Sabine River waters (pp. 9709-12).
21. RECESSED until Mon., July 12 (p. 9730).

ITEMS IN APPENDIX

22. FLOOD CONTROL. Sen. Cooper inserted a Cincinnati Enquirer editorial discussing the regional problem of flood control on the Ohio River (pp. A4965-6).
23. TVA. Sen. Sparkman inserted a Washington Post editorial discussing protests which have arisen regarding the administration's power policies (p. A4966).
24. PRICE SUPPORTS. Speech of Rep. Dorn stating that it would be "most unfair" to the farmer not to support at least basic commodities and urging Congress to "accept a farm bill that will protect the interest of our entire Nation" (pp. A4966-7).
25. HEALTH. Rep. Heselton inserted Secretary Hobby's speech and several communications and press releases favoring H. R. 8356, which implements the President's recommendation of a program to improve the public health by encouraging more extensive use of the voluntary prepayment method of insurance (pp. A4974-5, A4976-8).
26. FOREIGN AID. Rep. Smith, Wis., inserted a Newsweek editorial, "Foreign Aid Forever?" criticizing continued "handouts" and favoring aid by loans rather than grants (pp. A4975-6).

BILL APPROVED BY THE PRESIDENT

27. SURPLUS COMMODITIES; FOREIGN TRADE. S. 2475, the "Agricultural Trade Development and Assistance Act of 1954." Approved July 10, 1954. (Public law number not yet available.) The Act provides as follows:

Title I authorizes the President, until June 30, 1957, to carry out a program for the sale for foreign currencies of surplus agricultural commodities under agreements with friendly nations or organizations of friendly countries. In negotiating the agreements, the President is required to take precautions to assure no undue disruption of the world prices, to assure use of private trade channels to the maximum extent practicable, and to assure no resale or transshipment of the commodities to other countries without approval of the President. Friendly nations are to be afforded maximum opportunities to purchase surplus commodities from the United States, and the program is to be utilized as to develop and expand continuous market demand abroad for agricultural commodities.

Surplus agricultural commodities acquired by the Commodity Credit Corporation in its price support operations are to be made available for sale under the Act, and the funds and other assets of the CCC are to be used to finance the sale and exportation not only of surplus commodities owned by it or under price support loan, but also, if the Corporation cannot supply the desired commodity from its own stocks, to finance the sale of privately owned stocks. The CCC may finance the sale and exportation of privately owned stocks even though the Corporation is in a position to supply the commodity itself, if the private exporter acquires from the CCC the same commodity of comparable value and quantity. The President may issue letters of commitment against funds or guarantees of funds supplied by the CCC, which letters shall constitute obligations of the United States.

The foreign currencies which accrue under the title may be used for (1) development of new markets for United States agricultural commodities; (2) purchase of strategic and critical materials, to establish a stockpile additional to and supplemental to the quantities acquired under the Strategic and Critical Materials Stockpile Act; (3) procurement of military equipment, and defense materials, facilities and services; (4) financing the purchase of goods or services for other friendly countries; (5) promotion of international economic development and trade; (6) payment of United States obligations abroad; (7) loans to promote multilateral trade and economic development; (8) financing international educational exchange activities.

Any department or agency of the Government using any of the currencies for any purpose for which funds have been appropriated must reimburse the CCC in an amount equivalent to the dollar value of the currencies used. To the extent the Corporation is not thus reimbursed by other agencies, an appropriation is authorized to make payment to the CCC for the Corporation's investment in the commodities used under the Act, including processing, packaging, transportation and handling costs, and for costs incurred in financing the exportation of commodities. Transactions cannot be carried out which require an appropriation in excess of \$700,000,000.

Title II directs the CCC to make available to the President surplus agricultural commodities for transfer to friendly nations and friendly populations in order to meet famine or other relief requirements. In addition the President is authorized to make transfers on a grant basis to assist friendly countries or voluntary foreign relief agencies. No programs are to be undertaken after June 30, 1957, and total expenditures, including the Corporation's investment in the commodities and costs of delivery f.o.b. vessel, are not to exceed \$300,000,000.

Title III amends sections 407 and 416 of the Agricultural Act of 1949 and contains a provision for barter or exchange of CCC-owned commodities.

The CCC is authorized to make farm commodities or products owned or controlled by it, available in labor distress areas and in connection with any major disaster (as determined by the President), on terms and conditions determined by the Secretary. The Corporation is to be reimbursed for any cost

and opposed the adoption of a special matching formula relating to old-age assistance granted to persons to supplement their OASI payments, as proposed by the Administration;

Loula Dunn, director, American Public Welfare Association, and Roy A. Davis, chairman, Colorado State Board of Public Welfare; Mrs. Eleanor G. Evans, secretary, Pennsylvania State Department of Public Assistance; H. C. Shoemaker, commissioner, Utah State Department of Public Welfare; L. E. Rader, director, Oklahoma State Department of Public Welfare; and Charles I. Schottland, director, California State Department of Social Welfare—all of whom endorsed improvements in the OASI system contained in H. R. 9366; and advocated extension of the 1952 increase in Federal share of public assistance programs to June 30, 1957, rather than September 30, 1955, as proposed in House-passed bill.

In addition to the above recommendations, Mrs. Evans also advocated deletion of the termination date governing Federal matching in payments to needy blind persons in certain States, and opposed the adoption of a special matching formula relating to old-age assistance granted to persons to supplement their OASI payments, as suggested by the Administration;

Mr. Shoemaker also expressed opposition to the suggestion of the Secretary of HEW to adopt a special matching formula relating to old-age assistance granted to persons to supplement their OASI payments; and

Mr. Rader also emphasized the need for the liberalization of the coverage requirements for farm labor and domestic help, as proposed in the House-passed bill.

MUTUAL SECURITY PROGRAM

Committee on Foreign Relations: Committee continued, in executive session, its consideration of H. R. 9678, to promote the security and foreign policy of the U. S. by furnishing assistance to friendly nations, following which it was announced that it had agreed unanimously to reduce the overall total of the program to \$3,100 million. The committee also decided, in lieu of the House provisions on loans, to set mandatory loan requirements of at least \$150 million. Committee continues consideration of this bill tomorrow.

MISCELLANEOUS BILLS

Committee on Interior and Insular Affairs: Committee, in executive session, ordered favorably reported the following bills:

Amended, S. 620, authorizing long-term permits, leases, or easements on public lands, including national forests, to States and local political subdivisions;

Amended, S. 3134, authorizing construction, operation, and maintenance of the Talent division of the Rogue River Basin reclamation project, Oregon;

S. 3699, granting Federal approval to the interstate compact on the Sabine River;

Amended, H. R. 130, regarding helium-bearing gas deposits in Navaho Indian Reservation, N. Mex.;

Amended, H. R. 2235, to authorize appropriation for construction of the Santa Maria project, Southern Pacific Basin, Calif.;

H. R. 4213, to authorize works for development and furnishing of water supplies for waterfowl management, Central Valley project, California;

H. R. 4690, to provide for the erection of markers in national cemeteries for members of Armed Forces missing in action;

H. R. 4721, to exempt lands in the Owl Creek project, Wyoming, from the land limitation provision of the reclamation laws;

H. R. 6786, relating to improvements located at Palisades reclamation project, Idaho;

H. R. 6882, to amend act providing for construction, operation, and maintenance of the Vermejo reclamation project, New Mexico;

H. R. 6975, authorizing conveyance of a tract of land to a high-school district in Siskiyou County, Calif.;

H. R. 8026, authorizing transfer of title to movable property to irrigation districts;

H. R. 8027, to extend the authority of the Secretary of the Interior to enter into amendatory repayment contracts; and

S. Res. 271, providing for investigation of critical raw materials by Committee on Interior and Insular Affairs.

NOMINATIONS

Committee on the Judiciary: Committee held routine hearings on the following four nominations: Emmett C. Choate to be U. S. district judge for southern district of Florida; Herbert S. Boreman to be U. S. district judge for northern district of West Virginia; Walter E. Hoffman to be U. S. district judge for eastern district of Virginia; and William A. O'Brien to be U. S. marshal for eastern district of Pennsylvania.

PRIVATE CLAIMS BILLS

Committee on the Judiciary: Subcommittee held routine hearings on S. 2564 and H. R. 3756, private claims bills.

House of Representatives

Chamber Action

The House was not in session today. Its next meeting will be held on Monday, July 12, at 12 o'clock noon. For program see Congressional Program Ahead in this DIGEST.

Committee Meetings

COMMODITIES—HOG DISEASE

Committee on Agriculture: Ordered the following bills reported to the House—

S. 1381, amending the Agricultural Act of 1949 relating to the sale of small lots of commodities; and

S. 2583, to indemnify against loss all persons whose swine were destroyed in July 1952 as a result of having been infected with, or exposed to, the contagious disease vesicular exanthema.

It also considered, but deferred action on, H. R. 6878, to amend the Commodity Credit Charter Act in order to relieve innocent purchasers of fungible goods converted by warehousemen from CCC claims. Officials of the Department of Agriculture meeting with the committee for testimony were Edward M. Shulman, Deputy Solicitor; Preston Richards, Deputy Administrator (Price Support), Commodity Stabilization Service; and Dr. M. R. Clarkson, Deputy Administrator, Agriculture Research Service. Recessed until Tuesday morning.

MILITARY HOUSING

Committee on Armed Services: The Johnson subcommittee resumed hearings on H. R. 9647, to authorize the construction of military family housing and to amend the National Security Act of 1947. Official representatives of the Armed Forces testified today during consideration of title VIII of the National Housing Act (re Wherry Act housing). Recessed until Monday morning.

JUVENILE CASE PROSECUTIONS

Committee on the District of Columbia: The O'Hara subcommittee considered H. R. 7484 today, a bill which would direct the U. S. attorney for D. C. to certify cases of juveniles charged with felonious crimes to either the U. S. district court or the D. C. juvenile court, after examination of the case. Witnesses heard in connection with the proposal were Leo A. Rover, U. S. attorney for D. C.; Chief Robert V. Murray, Metropolitan Police Department; Judge Edith H. Cockrill, of the juvenile court; and representatives of municipal and civic associations.

UNITED NATIONS

Committee on Foreign Affairs: The Subcommittee on the Far East and Pacific held a hearing on H. J. Res. 286, providing that the U. S. Government should reex-

amine its policy if the Communist government of China is admitted to the United Nations or any of the specialized agencies. Witnesses heard were Representatives Bentley (Michigan), author of the measure, Clardy (Michigan), and Hosmer (California); and David Whatley, Washington, D. C.

Subcommittee on International Programs and Movements also discussed U. N. organizations, meeting with the following representatives of the U. S. Chamber of Commerce—James Tanham, former vice president of the Texas Co., and member of the foreign policy committee and special subcommittee on UNESCO; and Dr. J. Warren Nystrom, manager; and Richard E. Low, research assistant, foreign policy department.

HEALTH REINSURANCE

Committee on Interstate and Foreign Commerce: Ordered reported to the House H. R. 8356, to improve the public health by encouraging more extensive use of the voluntary prepayment method in the provision of personal health service. As reported, the entire text of the originally introduced bill was stricken, and substituted with new provisions which were developed during the committee's mark-up study, which followed extensive hearings in March, April, and May. During these public sessions the recommendations and suggestions, as well as endorsements of the newly proposed provisions, were presented from officials of the Department of Health, Education, and Welfare, and representatives of medical and hospital insurance groups, and industrial and labor organizations.

TRADING WITH ENEMY—WAR CLAIMS ACTS

Committee on Interstate and Foreign Commerce: The Hinshaw subcommittee approved for reporting to the full committee S. 2420, to provide that the President may designate one or more organizations as successors in interest to deceased persons, who, if alive, would be eligible to receive returns under the Trading With the Enemy Act; and H. R. 9390, amended, to extend certain civilian-internee and prisoner-of-war benefits under the War Claims Act, to civilian internees and American prisoners of war captured and held during Korean hostilities.

CONGRESSIONAL WITNESSES—IMMIGRATION

Committee on the Judiciary: Subcommittee No. 1 today held a hearing on bills amending the immunity provision relating to testimony given by witnesses before congressional committees. Heard testimony from Representatives Cunningham (Iowa), and Osmer (California), and received statements for the record from Representatives Battle (Alabama) and Boggs (Louisiana).

Also reported 5 private immigration bills to the full committee (1 House and 4 Senate).

Daily Digest

HIGHLIGHTS

Senate passed 66 measures on call of calendar, and agreed to limit debate on Columbia River power bill.

Senate

Chamber Action

Routine Proceedings, pages 9683-9686

Bills Introduced: One bill was introduced, as follows:
S. 3729. Page 9683

Bills Reported: Reports were made as follows:

H. R. 6882, to amend act providing for construction, operation, and maintenance of the Vermejo reclamation project, New Mexico (S. Rept. 1784);

H. R. 130, regarding helium-bearing gas deposits in Navaho Indian Reservation, N. Mex., with amendments (S. Rept. 1785);

H. R. 4213, to authorize works for development and furnishing of water supplies for waterfowl management, Central Valley project, California (S. Rept. 1786);

H. R. 6975, authorizing conveyance of a tract of land to a high-school district in Siskiyou County, Calif. (S. Rept. 1787);

S. 620, authorizing long-term permits, leases, or easements on public lands, including national forests, to States and local political subdivisions, with amendments (S. Rept. 1788); and

H. R. 2235, to authorize appropriation for construction of the Santa Maria project, Southern Pacific Basin, Calif., with amendments (S. Rept. 1789). Page 9683

Call of Calendar: On call of calendar, 66 measures, of which 37 were private, were passed as follows:

Without amendment and cleared for President:

Lake Texarkana: H. J. Res. 459, designating lake formed by completion of Texarkana Dam, Tex., as Lake Texarkana;

Civil Air Patrol: H. R. 9561, correcting typographical errors in Public Law 368, 83d Congress, relative to Civil Air Patrol;

D. C. trust accounts: H. R. 8692, to permit payment of trust accounts to beneficiary on death of trustee by savings and loan associations in D. C.;

D. C. taxi badges: H. R. 8973, to eliminate the requirement that D. C. taxi drivers be issued a numbered badge;

D. C. insurance: H. R. 8974, to authorize insurance companies in D. C. to invest in securities of the International Bank for Reconstruction and Development;

VFW property in D. C.: H. R. 7132, to grant tax exemption to headquarters property of VFW in D. C.;

Private bills: 14 private bills, H. R. 6422, 733, 734, 944, 1115, 1762, 2899, 3333, 3624, 6650, 6998, 7158, 7500, and 7802.

With amendment, to be sent back to House:

Naval officers: H. R. 6725, to extend the authority for the appointment of certain officers in the Regular Navy and Marine Corps;

Helium: H. R. 8713, to amend the Helium Act to permit disposal by lease or sale of property and byproducts of helium operations;

Art loans: H. R. 9006, to amend the act of 1896 concerning the loan or gift of works of art and other material;

D. C. real estate assessors: H. R. 7128, to permit employment of assistant real-estate assessors from the Washington area instead of only the District;

D. C. psychiatric services: H. R. 9077, to make available to D. C. judges the psychiatric and psychological services provided for in section 405 of the D. C. Law Enforcement Act;

D. C. highway-railroad grade: H. R. 6080, to authorize the appropriation of funds for the construction of a highway-railroad grade separation in the vicinity of South Dakota Avenue NE., Washington, D. C.;

Private bill: One private bill, H. R. 1673.

Without amendment and cleared for House:

Great Lakes safety: S. 3464, to make certain provision for the carrying out of the Agreement for the Promotion of Safety on the Great Lakes by Means of Radio;

Coast and Geodetic Survey officers: S. 2389, granting commissioned officers of Coast and Geodetic Survey certain military benefits and rights during time of war;

Insect control: S. 3697, cooperation with Canada or Mexico for the control of insects and plant diseases;

D. C. births: S. 3558, to provide for the better registration of births in D. C.;

D. C. crime: S. 2686, to include the crime of robbery in the D. C. Code definition of "crime of violence";

D. C. police protection: S. 2687, to provide police protection for D. C. institutions located outside the District;

D. C. police and firemen: S. 3329, to amend the D. C. Police and Firemen's Salary Act to correct certain inequities;

D. C. alley dwellings: S. 3506, to repeal prohibition against use of alley dwellings in the D. C.;

Sabine River: S. 3699, granting Federal approval to the interstate compact on the Sabine River;

Private bills: 13 private bills, S. 120, 231, 232, 808, 810, 1212, 2387, 2510, 2542, 2635, 2798, 2958, and 3306.

With amendment and cleared for House:

Fryingpan-Arkansas project: S. 964, to authorize construction, operation, and maintenance of the Fryingpan-Arkansas project, Colorado;

D. C. delegates: S. 1611, to regulate the election of D. C. delegates to national political conventions;

D. C. Recorder: S. 3518, relating to fees and appointment of personnel by D. C. Recorder of Deeds;

D. C. credit unions: S. 3683, to amend the D. C. Credit Unions Act;

D. C. teachers: S. 2655, to correct inequities in the D. C. Teachers' Salary Act;

D. C. traffic: S. 1585, to amend the D. C. Traffic Act of 1925;

D. C. unemployment compensation: S. 3482, to amend the D. C. Unemployment Compensation Act;

Private bills: Nine private bills, S. 328, 771, 966, 2456, 2504, 2512, 2587, 3085, and 673.

Resolution adopted without amendment:

Iceboxes: S. Res. 272, to commend States which have taken steps to prevent discarded iceboxes from becoming a menace.

Bill indefinitely postponed: On call of calendar, S. 3198 was indefinitely postponed. Pages 9686-9712

Bill Rereferred: During call of calendar, S. 2634, a private bill, was taken from calendar and rereferred to Committee on the Judiciary. Page 9697

Investigation of Raw Materials: S. Res. 271, providing for investigation of critical raw materials by Committee on Interior and Insular Affairs, was taken from calendar and referred to Committee on Rules and Administration. Page 9699

Federal Reserve: Senate rescinded its action of July 9, 1954, in passing S. 3268, to repeal the provisions of section 16 of the Federal Reserve Act which prohibit a Federal Reserve bank from paying out notes of another Federal Reserve bank. Committee on Banking and Currency was then discharged from further consideration of H. R. 9143, a similar bill, and H. R. 9143 was passed without amendment, clearing bill for President.

S. 3268 was indefinitely postponed. Page 9712

Columbia River Power: Senate debated H. R. 7664, providing for development of Priest Rapids site on

Columbia River, and reached unanimous-consent agreement to limit debate thereon starting at 3 p. m. Monday, July 12, to 30 minutes on any amendment or motion, and 1 hour on the bill. Pages 9712-9730

Nomination: One judicial nomination was received. Page 9730

Program for Monday: Senate recessed at 3:05 p. m. until noon Monday, July 12, when it will continue under debate limitation on H. R. 7664, development of Priest Rapids on Columbia River, to be followed by S. 3690, to amend the Atomic Energy Act of 1946, and H. R. 5173, Employment Security Administrative Financing Act.

Committee Meetings

(Committees not listed did not meet)

SUPPLEMENTAL APPROPRIATIONS

Committee on Appropriations: Continuing its hearings on proposed supplemental appropriations for fiscal year 1955, the committee received testimony from departmental witnesses in support of funds for activities of the Bureau of Indian Affairs of the Interior Department, and in behalf of funds for various independent offices. Hearings continue July 12.

MUTUAL SECURITY PROGRAM

Committee on Foreign Relations: Committee continued its executive consideration of H. R. 9678, to promote the security and foreign policy of the U. S. by furnishing assistance to friendly nations, following which the committee announced that it had:

(1) Given final approval to the proposal by Senator Knowland with regard to Communist China (see DAILY DIGEST of July 8);

(2) Agreed in principle to a substitute amendment to the so-called Richards amendment to EDC, the effect of which would cut off deliveries, on December 31, 1954, to countries not ratifying the EDC, unless an alternative, satisfactory to the President, has come into effect;

(3) Reduced from \$500 million (House figure) to \$350 million minimum funds to be used for surplus agricultural commodities;

(4) Approved section 416 dealing with munitions control;

(5) With regard to transferability of funds, agreed to limit reductions from any section of the bill to 10 percent of the total of that section; and also agreed that there would be no limit to amounts which may be added to any section; and

(6) Agreed to an amendment to make foreign currency available for International Educational Exchange activities.

Committee meets again July 12.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued July 13, 1954
For actions of July 12, 1954
83rd-2nd, No. 129

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HIGHLIGHTS: Senate committee reported bill to extend unemployment compensation to Federal employees. Senate committee ordered reported foreign aid bill. Sen. Johnston charged farm regimentation in extension work. House passed bill to amend Farm Tenant Act. House committee reported bills to authorize rotation of CCC stocks, consent to forest fire compact, and indemnify for certain losses from vesicular exanthema. Rep. Brown, Ga., urged addition of Secretary to National Advisory Council on International Monetary and Financial Problems. Rep. Dondero introduced omnibus flood control bill after committee approval.

SENATE

1. PERSONNEL. The Finance Committee reported without amendment H. R. 9709, to amend the unemployment-compensation program, including a provision extending it to Federal employees (S. Rept. 1794)(p. 9733).
Both Houses received from the Attorney General a proposed bill to amend 18 U. S. C. 284 regarding representational activities of former Federal employees; to Judiciary Committees (pp. 9732, 9806).

2. FOREIGN AID. The Foreign Relations Committee ordered reported with amendments H. R. 9678, authorizing foreign aid appropriations for the fiscal year 1955. The Committee agreed to amendments to end the FOA on June 30, 1955, to bring liquidation provisions of the act into effect on that date, to transfer the Technical Cooperation Program to the State Department, etc. (pp. D816-7.) The Committee was authorized to report the bill during recess (p. 9770).

3. EXTENSION WORK. Sen. Johnston quoted from a Presidential speech favoring freedom for farmers, inserted a Wall Street Journal article on plans to strengthen extension work, and charged that these plans will regiment farmers (pp. 9737-9).

4. ELECTRIFICATION. Passed with amendments H. R. 7664, providing for development of Priest Rapids site on the Columbia River (pp. 9750-60). Rejected, 29-45, a Magnuson amendment to provide preference for rural cooperatives and others in securing electric power (pp. 9755-8).

received and

5. VIRGIN ISLANDS; ANIMAL QUARANTINE. Both Houses/agreed to the conference report on S. 3378, to revise the organic act of the Virgin Islands. The bill includes provisions to amend the Animal Quarantine Act so that cattle which have been infested with or exposed to ticks, but which are now free from them, may be admitted into the Virgin Islands, and to prohibit the Department from restricting introduction of live poultry into the Virgin Islands. (pp. 9766-7, 9806, 9779-86) This bill will now be sent to the President.

6. RECLAMATION. Sen. Watkins spoke in favor of the upper Colorado project (p.9740). The Interior and Insular Affairs Committee reported without amendment H. R. 8027, to extend the time during which the Interior Department may enter into mandatory repayment contracts under the Federal reclamation laws (S. Rept. 1795), and H. R. 6786, authorizing Interior to purchase improvements or pay damages for removal of improvements located on U. S. public lands in the Palisades project area (S. Rept. 1797)(p. 9733).

7. HEALTH INSURANCE. The Labor and Public Welfare Committee reported with amendments S. 3114, to encourage more extensive use of the voluntary prepayment method in the provision of personal-health services (S. Rept. 1798)(p. 9733).

HOUSE

8. FARM LOANS. Passed as reported S. 1276, to amend title 1 of the Bankhead-Jones Farm Tenant Act, relating to farm ownership loans, so as to authorize an increase in the interest rates to not over 5% on direct loans and to a base interest of not over 4% on insured loans with authority for adjustments in such rates; to permit direct loans on the security of second mortgages; to permit sale of property acquired by foreclosure to corporations engaged in farming; and to extend to several recent acts the authority for Farmers' Home Administration to protect its investment and security by making advances or purchasing property which has been pledged as security. Agreed to a committee amendment to strike out the provision authorizing loans up to the full value of the farm. (pp. 9779, 9786.)

9. CCC COMMODITIES; FORESTRY; ANIMAL DISEASES. The Agriculture Committee reported without amendment S. 1381, to amend the Agricultural Act of 1949 so as to authorize rotation of old CCC commodities and sales of small lots (H. Rept. 2177); H. R. 6393, to consent to the South Central Interstate Forest Fire Protection Compact (H. Rept. 2179); and S. 2583, to indemnify against loss the owners of certain swine destroyed in July 1952 as a result of vesicular exanthema (H. Rept. 2178)(p. 9806).

10. HEALTH INSURANCE. The Interstate and Foreign Commerce Committee reported (July 9) with amendment H. R. 8356, to encourage more extensive use of the voluntary prepayment method of providing for personal health services (H. Rept. 2106); and the Rules Committee reported a resolution for its consideration (p. 9806).

11. RECLAMATION. The Rules Committee reported a resolution for consideration of H. R. 236, to authorize the Fryingpay-Arkansas project, Colo. (pp. 9806-7).

12. BANKING AND CURRENCY. Rep. Brown, Ga., spoke in favor of revitalizing the lending activities of the Export-Import Bank and restoring it to National Advisory Council membership, and urged the addition of the Secretary of Agriculture to membership on the National Advisory Council on International Monetary and Financial Problems (pp. 9796-7).

13. FLOOD CONTROL. The "Daily Digest" states that the Public Works Committee

Daily Digest

Senate

HIGHLIGHTS

Both Houses cleared for President bill on Virgin Islands.

Senate adopted conference report on Santa Margarita River and passed bills on postal matters and Columbia River power.

House passed bills on farm and real-estate loans.

Senate Foreign Relations Committee approved bill extending Mutual Security Program, and Finance Committee reported bill on unemployment compensation.

Miscellaneous tariff changes approved by House committee. Health reinsurance plan cleared for debate by Rules Committee.

Chamber Action

Routine Proceedings, pages 9731-9740

Bills Introduced: 6 bills and 1 resolution were introduced, as follows: S. 3730 to S. 3735; and S. Res. 277.

Pages 9733, 9736

Bills Reported: Reports were made as follows:

H. R. 4721, to exempt lands in the Owl Creek project, Wyoming, from the land limitation provision of the reclamation laws (S. Rept. 1790);

H. R. 8026, authorizing transfer of title to movable property to irrigation districts (S. Rept. 1791);

H. R. 8983, to provide for the conveyance of certain lands by the U. S. to the city of Muskogee, Okla. (S. Rept. 1792);

S. 3561, authorizing the VA to convey certain property to the Armory Board, State of Utah, with amendment (S. Rept. 1793);

H. R. 9709, to extend and improve the unemployment compensation program (S. Rept. 1794);

H. R. 8027, to extend the authority of the Secretary of the Interior to enter into amendatory repayment contracts (S. Rept. 1795);

H. R. 7466, authorizing amendatory repayment contract with the Pine River Irrigation District, Colorado (S. Rept. 1796);

H. R. 6786, relating to improvements located at Palisades reclamation project, Idaho (S. Rept. 1797); and

S. 3114, to improve the public health by encouraging more extensive use of the voluntary prepayment method in the provision of personal health services, with amendments (S. Rept. 1798).

Page 9733

Santa Margarita River: Senate adopted conference report on H. R. 5731, to authorize construction, operation, and maintenance of certain facilities to provide water for irrigation and domestic use from the Santa Margarita River, Calif.

Pages 9740-9742

Bill Recommitted: S. 1688, to amend the Civil Service Retirement Act of 1930 relative to annuities of Members of Congress, was, by unanimous consent, taken from calendar and recommitted to Committee on Post Office and Civil Service.

Page 9748

Postal Equipment: Senate passed S. 3028, to require the Postmaster General to reimburse postmasters of discontinued post offices for equipment owned by the postmaster, after adopting amendment by Senator Carlson excepting fourth-class postmasters.

Pages 9742, 9748

Postal Workweek: S. 190, to establish a basic administrative workweek and pay periods of 2 administrative workweeks for postmasters, officers, and employees in the postal field service, was passed without amendment.

Pages 9748-9749

D. C. Arrest Books: S. 3655, to provide that the D. C. Metropolitan Police force shall keep arrest books which are open to public inspection, was passed without amendment.

Pages 9749-9750

Columbia River Power: Senate passed with amendments H. R. 7664, providing for development of Priest Rapids site on Columbia River, after taking the following actions on amendments and motions:

Adopted: Committee amendment, after adopting Cordon motions to strike from the amendment authorization for Bonneville Dam to use its continuing fund

to purchase power from Priest Rapids, and to add language to make power surplus available to both public and private marketing agencies; and

Rejected: By 29 yeas to 45 nays, Magnuson amendment requiring all interstate sales of power to be made in accordance with preference requirement of Flood Control Act giving preference to rural cooperatives and municipalities (motion to reconsider being tabled); and Morse motion to recommit the bill to the Committee on Public Works by adoption of Knowland motion to table Morse motion to recommit. Pages 9740, 9750-9760

Bills Sent to Conference: Senate insisted on its amendments to the following two bills, agreed to conference requested by House thereon, and appointed as conferees on each bill Senators Saltonstall, Case, Duff, Byrd, and Stennis: H. R. 9242, to authorize certain construction at military and naval installations and for the Alaska communications system, and H. R. 6725, to extend the authority for the appointment of certain officers in the Regular Navy and Marine Corps. Page 9760

Virgin Islands: Conference report on S. 3378, to revise the Organic Act of the Virgin Islands, was adopted, clearing the bill for the President. Pages 9766-9767

Mutual Security: Committee on Foreign Relations was authorized to file report during recess on H. R. 9678, to promote the security and foreign policy of the U. S. by furnishing assistance to friendly nations. Page 9770

Employment Security: Senate began consideration of H. R. 5173, Employment Security Administrative Financing Act. Pending at recess was Kennedy amendment adding new section to establish nationwide standards for amount and duration of unemployment-compensation benefits. Pages 9760-9770

Confirmations: One postmaster nomination was confirmed. Page 9770

Program for Tuesday: Senate recessed at 6:35 p. m. until 11 a. m. Tuesday, July 13, when it will continue on H. R. 5173, Employment Security Administrative Financing Act, to be followed by S. 3690, to amend Atomic Energy Act of 1946.

Committee Meetings

(Committees not listed did not meet)

SUPPLEMENTAL APPROPRIATIONS

Committee on Appropriations: Committee continued its hearings on proposed supplemental appropriations for fiscal year 1955. Testimony was heard today in behalf of certain funds within their department or commission from the following witnesses: Henry F. Holland, Assistant Secretary of State for Inter-American Affairs; Glenn L. Emmons, Commissioner of Bureau

of Indian Affairs, John J. Forbes, Director of Bureau of Mines, and Anthony T. Lausi, Office of Territories, all of the Interior Department; John B. Hollister, Executive Director, Commission on Organization of the Executive Branch of the Government (Hoover Commission); and Jerome K. Kuykendall, Chairman of FPC.

Hearings continue tomorrow.

FHA INVESTIGATION

Committee on Banking and Currency: Committee continued its hearings in connection with the investigation of the FHA, and heard testimony today, as indicated, on the following housing projects:

Rockaway Crest Apartments, Far Rockaway, N. Y.—testimony from Gustave M. Berne;

Beech Haven Apartments, Jamaica, N. Y.—testimony from Fred C. Trump; and

Linwood Park, Teaneck, N. J.—Sidney Sarner, who stated his name and address, but refused to answer, on grounds of possible self-incrimination (fifth amendment) any other question; and George Marcus, Mr. Sarner's attorney, who refused to answer questions of the committee.

Hearings continue Wednesday, July 14.

SOCIAL SECURITY, UNEMPLOYMENT COMPENSATION, PUBLIC LANDS, AND NOMINATION

Committee on Finance: Committee, in executive session, ordered favorably reported: (1) Without amendment H. R. 9709, to extend and improve the unemployment compensation program, and H. R. 8983, to provide for the conveyance of certain lands by the U. S. to the city of Muskogee, Okla., (2) with a clarifying amendment S. 3561, authorizing the VA to convey certain property to the Armory Board, State of Utah, and (3) the nomination of Merrill D. White, of Florida, to be collector of customs for customs collection district No. 18, with headquarters at Tampa.

Also, the committee began executive consideration of H. R. 9366, providing for expanded coverage and an improved old-age and survivors insurance program, but made no announcements and will continue its consideration tomorrow.

MUTUAL SECURITY PROGRAM, AND NOMINATIONS

Committee on Foreign Relations: The committee, in executive session, ordered favorably reported with amendments H. R. 9678, to promote the security and foreign policy of the U. S. by furnishing assistance to friendly nations. The bill would authorize total funds of \$3.1 billion.

Prior to its approval, the following additional actions were taken by the committee:

(1) Agreed to accept in substance the House provisions of the bill with regard to the European Defense Community;

(2) Agreed to an amendment to end the Foreign Operations Administration on June 30, 1955, to bring liquidation provisions of the act into effect on that date, and to transfer the Technical Cooperation Program to the State Department; and

(3) Agreed to an amendment directing the President to secure full compliance with all treaties on trade and commerce.

Also, the committee ordered favorably reported the nominations of Clement D. Johnston, Mrs. Helen Chapman, Harold McClellan, and Mrs. Percy Maxim Lee, all to be members of the Public Advisory Board, Foreign Operations Administration.

HOG ISLAND TRACT

Committee on Interstate and Foreign Commerce: Special subcommittee held and concluded hearings on S. 3630, development of Hog Island tract, Philadelphia, as an air, rail, and marine terminal. Testimony favoring its enactment was heard from the following four witnesses: Robert B. Murray, Jr., Under Secretary of Commerce for Transportation; Lewis R. Inwood, director of aviation, International Airport, Philadelphia; W. Lenning Travis, Chamber of Commerce, Philadelphia; and Frank J. Bowden, Jr., Chamber of Com-

merce, Greater Philadelphia, Delaware, South Jersey Council. Subcommittee adjourned subject to call.

NORTH PACIFIC FISHERIES ACT OF 1954

Committee on Interstate and Foreign Commerce: Subcommittee on Fisheries and Wildlife held and concluded hearings on S. 3713, to give effect to the International Convention for the High Seas Fisheries of the North Pacific Ocean, signed at Tokyo, May 9, 1952. Favoring enactment of this bill were John L. Farley, Director of Fish and Wildlife Service, Interior Department; W. M. Chapman, director of research, American Tunaboat Association, San Diego; and Warren F. Looney, Acting Special Assistant for Fisheries and Wildlife to the Under Secretary of State, the latter who suggested amendments to the bill prior to its passage. Hearings were adjourned subject to call of the Chair.

ALIENS

Committee on the Judiciary: Subcommittee on Immigration and Naturalization began hearings on S. 3660, Illegal Employment of Aliens Act of 1954, and S. 3661, Illegal Transportation of Aliens Act of 1954. Testimony favoring enactment of these bills was heard from Joseph Swing, Commissioner, Immigration and Naturalization Service, Justice Department. Testimony opposing enactment of this proposed legislation was received from William MacDougall, counsel, County Supervisors Association, California. Hearings continue tomorrow.

House of Representatives

Chamber Action

Bills Introduced: 10 public bills, H. R. 9859-9868; 11 private bills, H. R. 9869-9879; and 6 resolutions, H. Con. Res. 252 and H. Res. 622-626 were introduced.

Page 9808

Bills Reported: Reports were filed as follows:

Correction: In the DIGEST of July 8, H. R. 7743, to amend the United States Housing Act of 1937 so as to extend for 5 years the period in which the families of veterans and servicemen may be admitted to low-rent housing without meeting the requirements of section 15 (8) (b) (ii), of that act, was incorrectly carried as reported (H. Rept. 2094); the bill actually reported was H. R. 7734, relieves State-operated educational institutions from giving bond for equipment and supplies issued by the United States for use by Reserve Officers' Training Corps where the care provided is adequate to protect the interest of the United States (H. Rept. 2094);

Conference report on S. 3378, to revise the Organic Act of the Virgin Islands, filed on July 9 (H. Rept. 2105);

H. R. 8356, health service prepayment plan reinsurance bill, filed on July 9 (H. Rept. 2106);

H. R. 9836, salary increases and provision for reclassification plan for postal field service employees and positions, filed on July 10 (H. Rept. 2107);

69 private bills, H. R. 669, 787, 818, 842, 905, 950, 1171, 1209, 1324, 1897, 2051, 2358, 2415, 2480, 2483, 2647, 2674, 2794, 2799, 2887, 2901, 3024, 3144, 3388, 3447, 3520, 3566, 3750, 3874, 4054, 4434, 5119, 5193, 5194, 5319, 5344, 5459, 5749, 5762, 5841, 6266, 6324, 6355, 6367, 6442, 6498, 6858, 7033, 7151, 7217, 7228, 7245, 7246, 7262, 7343, 7352, 7579, 7581, 7828, 7829, 7834, 7885, 7938, 8066, 8133, 8375, 8413, 8424, and 9103 (H. Repts. 2108-2176, respectively);

S. 1381, to amend the Agricultural Act of 1949 relative to rotation of Commodity Credit Corporation stocks (H. Rept. 2177);

S. 2583, indemnities for swine destroyed in July 1952 (H. Rept. 2178);

H. R. 6393, South Central Interstate Forest Fire Protection Compact (H. Rept. 2179);

H. R. 9390, extending certain civilian-internee and prisoner-of-war benefits under the War Claims Act of 1948, as amended, to civilian internees and American

prisoners of war captured and held during hostilities in Korea (H. Rept. 2180);

H. R. 9757, amending the Atomic Energy Act of 1946, as amended (H. Rept. 2181);

H. Res. 623, an open rule providing 2 hours of general debate on, and making in order the consideration of a committee substitute amendment to, H. R. 8356, health service prepayment plan reinsurance bill (H. Rept. 2182);

H. Res. 624, providing for consideration of, and 1 hour of debate on, S. 3539, reenlistment bonuses for members of uniformed services (H. Rept. 2183);

H. Res. 625, providing for consideration of, and 1 hour debate on, S. 3458, long-term charter of tankers by Secretary of Navy (H. Rept. 2184);

H. Res. 626, providing for the consideration of, and 2 hours debate on, H. R. 236, Fryingpan-Arkansas project in Colorado (H. Rept. 2185). Pages 9806-9808

Vessel Sale: Disagreed to Senate amendments to H. J. Res. 534, to authorize Federal sale of certain war-built passenger-cargo vessels; requested a conference with the Senate; and appointed as conferees Representatives Tollefson, Allen of California, Ray, Bonner, and Shelley. Pages 9772-9773

Private Bills: Two private bills, H. R. 5158 and 5433, were cleared for Presidential action by House concurrence in Senate amendments thereto. Page 9773

Military Public Works: Disagreed to Senate amendments to H. R. 9242, to authorize certain construction at military and naval installations and for the Alaska communications system; requested a conference with the Senate; and appointed as conferees Representatives Arends, Shafer, Johnson of California, Van Zandt, Vinson, Kilday, and Rivers.

Naval officers: The above action was also taken on H. R. 6725, to extend the authority for the appointment of certain officers in the Regular Navy and Marine Corps, and the same conferees were appointed. Page 9773

Assistant Secretaries: An effort to consider S. 3466, to provide for two additional Assistant Secretaries each for the Army, Navy, and the Air Force, was rejected when objection was made to a unanimous-consent request for its consideration. Pages 9773-9776

Tin Smelter: Adopted by a voice vote S. Con. Res. 79, to continue the operation of a tin smelter at Texas City, Tex., and to investigate the need of a permanent domestic tin-smelting industry and the adequacy of our strategic stockpile of tin.

H. Res. 615, the rule for the consideration of the legislation, was previously adopted. Pages 9776-9777

Bank Loans: Passed by a voice vote H. R. 9144, relating to the lifting of restrictions or limitations upon real-estate loans to establish industrial or commercial

businesses in which the Small Business Administration cooperates.

H. Res. 618, the rule under which the bill was considered, was adopted earlier. Pages 9777-9779

Farm Loans: Passed by a voice vote and returned to the Senate S. 1276, to amend the Bankhead-Jones Farm Tenant Act in order to increase the interest rate on loans made under title I of such act. Adopted a committee substitute amendment that embodied further changes in laws applicable to FHA loan programs. Amended the title to read "A bill to amend the Bankhead-Jones Farm Tenant Act, as amended, so as to provide for a variable interest rate, second mortgage security for loans under title I."

H. Res. 617, the open rule providing for the consideration of the committee substitute amendment, was adopted earlier. Pages 9779, 9786

Virgin Islands: Adopted the conference report on S. 3378, to revise the Organic Act of the Virgin Islands, and sent the legislation to the Senate. Pages 9779-9786

Bills Referred: 42 Senate passed bills were referred to appropriate committees. Page 9805

Program for Tuesday: Adjourned at 4:09 p. m. until Tuesday, July 13, at 12 o'clock noon, when the House will consider S. 2987, to provide for the transfer of hay and pasture seeds from the CCC to Federal land-administering agencies; and H. R. 8386, conservation of water resources.

Committee Meetings

MILITARY HOUSING

Committee on Armed Services: The Johnson special subcommittee completed the Army title of H. R. 9463, the military housing bill. Meeting on this subject with the subcommittee were Brig. Gen. W. A. Carter, Jr., Chief, Service Division, Office of Assistant Chief of Staff (G-4), accompanied by Col. R. F. Toomey of the same division. Recessed until tomorrow morning.

GRAVE MARKERS

Committee on Armed Services: Subcommittee No. 3 held a hearing on H. R. 1302, to authorize the Secretary of Defense to make a \$25 allowance in lieu of headstones or markers for certain graves. Representative Reams (Ohio), author of the bill, spoke on its behalf. Col. John P. Martz, Office of the Quartermaster General (Army), also testified, along with representatives of servicemen's organizations and monument-builders' associations.

AERONAUTICS—WAR CLAIMS

Committee on Interstate and Foreign Commerce: In executive session, ordered the following bills reported to the House—

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

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83rd-2nd, No. 130

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HIGHLIGHTS: House committee voted to report water-facilities loans bill with amendment for soil-conservation loans, bill authorizing cooperation with Mexico and Canada in insect and plant-disease control, and bill authorizing emergency farm loans. House committee reported bill to transfer Indian extension work to USDA and States. House committee voted to report pay raise bill for classified employees. House received appropriation estimate for foreign aid. Senate committee reported foreign aid bill, and it was referred to Armed Services Committee. Senate committee voted against social security for farmers on compulsory basis. Rep. Cooley criticized Secretary's diverted acreage program. Sen. Bridges proposed and discussed measure to require annual budget balancing.

HOUSE

- 1. WATER FACILITIES LOANS.** The Agriculture Committee voted to report (but did not actually report) S. 3137, to extend the Water Facilities Act to the entire country and to increase the limitation on individual loans. The Committee agreed to the Senate provision authorizing insured loans under this program and also agreed to an amendment to authorize loans, on a direct and insured basis, for soil-conservation improvements. The Committee had previously reported a similar bill without these amendments. (p. D826.)
- 2. INSECTS; PLANT DISEASES.** The Agriculture Committee voted to report (but did not actually report) S. 3697, to authorize cooperation with Canada and Mexico in control of insects and plant diseases through use of the emergency and incipient outbreak authority (p. D826).
- 3. EMERGENCY FARM LOANS.** The Agriculture Committee voted to report (but did not actually report) S. 3245, to provide a new emergency loan program for farmers and stockmen (p. D826). The House had previously passed a similar bill, which was somewhat different from S. 3245.
- 4. EXTENSION WORK.** The Interior and Insular Affairs Committee reported without

amendment S. 3385, to transfer Indian extension work from the Interior Department to this Department and the States, except in the cases of Ariz. and N. Mex. (H. Rept. 2188)(p. 9871).

5. FORESTRY. The Interior and Insular Affairs Committee reported without amendment H. R. 7912, to abolish the Old Kasaan National Monument, Alaska, and return the land to the national forest (H. Rept. 2191)(p. 9871).

The Interior and Insular Affairs Committee voted to report (but did not actually report) H. R. 1254, to authorize permits, leases, or easements for not over 50 years to States and other public agencies for the purpose of construction on national forest and other Federal lands public buildings or other public work (p. D827).

6. PERSONNEL. The "Daily Digest" states: "Committee on Post Office and Civil Service: Resumed consideration of H. R. 8093, Federal pay increase bill, and approved a 5-percent increase in the minimum rate of the respective grades of all employees paid under the Classification Act of 1949 (omitting GS-18)." (p. D828).

The Judiciary Committee tabled H. R. 3602, to provide for garnishment, etc. of the wages of Federal employees (p. D828).

7. FOREIGN-AID APPROPRIATIONS. Received from the President an appropriation estimate of \$3,438,549,805 for the foreign aid program in the fiscal year 1955 (H. Doc. 474)(p. 9870).

8. ELECTRIFICATION. Concurred in the Senate amendment to H. R. 7664, to provide for development of the Priest Rapids site on the Columbia River (pp. 9813-4). This bill will now be sent to the President.

9. HEALTH INSURANCE. Recommitted, 238-134, H. R. 8356, to provide for reinsurance of voluntary health-service insurance organizations (pp. 9810-47).

10. HAWAII WATER RESOURCES. The Interior and Insular Affairs Committee voted to report (but did not actually report) H. R. 2843, to authorize the Interior Department to investigate and report to Congress on the conservation, development, and utilization of water resources in Hawaii (p. D827).

11. FARM LOANS. The Interior and Insular Affairs Committee reported with amendment H. R. 7568, to direct the Farm Loan Board of Hawaii to convey certain land and to ratify and confirm certain contracts (H. Rept. 2193)(p. 9871).

12. RECLAMATION. Received the conference report on H. R. 5731, to authorize certain Santa Margarita reclamation facilities, Calif. (pp. 9847-8).

13. GOVERNMENT COMPETITION. Rep. Osmer spoke in favor of legislation to prevent Government competition with private enterprise (pp. 9809-10).

SENATE

14. FOREIGN AID. The Foreign Relations Committee reported with amendments H. R. 9678, authorizing foreign aid appropriations for the fiscal year 1955, and it was referred to the Armed Services Committee (S. Rept. 1799)(pp. 9874-5).

15. SOCIAL SECURITY. The "Daily Digest" states that the Finance Committee continued its executive consideration of H. R. 9366, the social security bill, after which it announced that it had tentatively agreed to allow individuals in various self-employed professional groups to elect to come under the OASI program within a limited period of about 2 years. The Committee also voted against

Senate

TUESDAY, JULY 13, 1954

(Legislative day of Friday, July 2, 1954)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

O merciful God, who alone can fill our life with holy purpose, at the beginning of this new day we beseech Thee that all its hours may be hallowed by tasks that are faced with a sense of Thy presence. From this altar of supplication we would go refreshed and empowered to dedicate our labor for that which is just and true. To serve the present age, we would give the best that is in us against the wrong that needs to be resisted and for the right that needs our assistance.

Teach us this day to enthrone wisdom upon our tongues and kindness within our hearts. And now, as problems having to do with the welfare of our Nation and of other nations fill to the brim the hours of this day, give us a joy in service that is independent of time or place and outward circumstances. So by Thy might shall we be garrisoned with fortitude and strengthened with courage: In the Redeemer's name. Amen.

THE JOURNAL

On request of Mr. KNOWLAND, and by unanimous consent, the reading of the Journal of the proceedings of Monday, July 12, 1954, was dispensed with.

MESSAGES FROM THE PRESIDENT— APPROVAL OF BILL

Messages in writing from the President of the United States were communicated to the Senate by Mr. Tribbe, one of his secretaries, and he announced that on July 10, 1954, the President had approved and signed the act (S. 2475) to increase the consumption of United States agricultural commodities in foreign countries, to improve the foreign relations of the United States, and for other purposes.

COMMITTEE MEETINGS DURING SENATE SESSION

Mr. THYE. Mr. President, I ask unanimous consent that the Subcommittee on Rules of the Committee on Rules and Administration may be permitted to meet this afternoon during the session of the Senate.

Mr. JOHNSON of Texas. Mr. President, has the Senator from Minnesota consulted with the minority leadership with respect to this request?

Mr. THYE. No.

Mr. JOHNSON of Texas. I object.

The VICE PRESIDENT. Objection is heard.

Mr. THYE subsequently said: Mr. President, I ask unanimous consent that a Subcommittee of the Committee on Rules and Administration be authorized to sit this afternoon during the session of the Senate. This meeting has been cleared with the minority leader.

The VICE PRESIDENT. Without objection, it is so ordered.

On request of Mr. KNOWLAND, and by unanimous consent, the Subcommittee on Education of the Committee on Labor and Public Welfare was authorized to meet during the session of the Senate today.

ORDER FOR TRANSACTION OF ROUTINE BUSINESS

Mr. KNOWLAND. Mr. President, I ask unanimous consent that immediately following the quorum call there may be the customary morning hour for the transaction of routine business, under the usual 2-minute limitation on speeches.

The VICE PRESIDENT. Without objection, it is so ordered.

CALL OF THE ROLL

Mr. KNOWLAND. I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Alken	Green	Morse
Bridges	Hill	Murray
Burke	Johnson, Colo.	Neely
Butler	Johnson, Tex.	Pastore
Crippa	Johnston, S. C.	Payne
Ervin	Knowland	Robertson
Flinders	Lehman	Saltonstall
Gillette	Lennon	Stennis
Goldwater	Mansfield	Thye
Gore	Monroney	

Mr. SALTONSTALL. I announce that the Senator from Kansas [Mr. CARLSON], the Senator from Pennsylvania [Mr. DUFF], and the Senator from Michigan [Mr. POTTER] are necessarily absent. The junior Senator from Wisconsin [Mr. MCCARTHY] is absent on official business.

Mr. CLEMENTS. I announce that the Senator from Mississippi [Mr. EASTLAND], the Senator from Louisiana [Mr. ELLENDER], the Senator from Oklahoma [Mr. KERR], the Senator from South Carolina [Mr. MAYBANK], and the Senator from Arkansas [Mr. McCLELLAN] are absent on official business.

The Senator from Florida [Mr. HOLAND] is absent by leave of the Senate, attending the Sixth Pan-American Highway Congress at Caracas, Venezuela.

The VICE PRESIDENT. A quorum is not present.

Mr. KNOWLAND. Mr. President, I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from California.

The motion was agreed to.

The VICE PRESIDENT. The Sergeant at Arms will execute the order of the Senate.

After a little delay, Mr. ANDERSON, Mr. BARRETT, Mr. BEALL, Mr. BENNETT, Mrs. BOWRING, Mr. BRICKER, Mr. BUSH, Mr. BYRD, Mr. CAPEHART, Mr. CASE, Mr. CHAVEZ, Mr. CLEMENTS, Mr. COOPER, Mr. CORDON, Mr. DANIEL, Mr. DIRKSEN, Mr. DOUGLAS, Mr. DWORSHAK, Mr. FERGUSON, Mr. FREAR, Mr. FULBRIGHT, Mr. GEORGE, Mr. HAYDEN, Mr. HENDRICKSON, Mr. HENNINGSON, Mr. HICKENLOOPER, Mr. HUMPHREY, Mr. IVES, Mr. JACKSON, Mr. JENNER, Mr. KEFAUVER, Mr. KENNEDY, Mr. KILGORE, Mr. KUCHEL, Mr. LANGER, Mr. LONG, Mr. MAGNUSON, Mr. MALONE, Mr. MARTIN, Mr. MCCARRAN, Mr. MILLIKIN, Mr. MUNDT, Mr. PURTELL, Mr. REYNOLDS, Mr. RUSSELL, Mr. SCHOEPPLE, Mr. SMATHERS, Mrs. SMITH of Maine, Mr. SMITH of New Jersey, Mr. SPARKMAN, Mr. SYMINGTON, Mr. UPTON, Mr. WATKINS, Mr. WELKER, Mr. WILEY, Mr. WILLIAMS, and Mr. YOUNG entered the Chamber and answered to their names.

The VICE PRESIDENT. A quorum is present.

Routine business is now in order.

EXECUTIVE COMMUNICATIONS, ETC.

The VICE PRESIDENT laid before the Senate the following communications and letters, which were referred as indicated:

PROPOSED SUPPLEMENTAL APPROPRIATIONS, DEPARTMENT OF THE INTERIOR (S. DOC. No. 135)

A communication from the President of the United States, transmitting proposed supplemental appropriations for the fiscal year 1955, in the amount of \$6,838,000, for the Department of the Interior (with an accompanying paper); to the Committee on Appropriations and ordered to be printed.

PROPOSED SUPPLEMENTAL APPROPRIATIONS, DEPARTMENT OF THE ARMY (S. DOC. No. 134)

A communication from the President of the United States, transmitting proposed supplemental appropriations for the fiscal year 1955, in the amount of \$7,325,000, for the Department of the Army (with an accompanying paper); to the Committee on Appropriations and ordered to be printed.

SOIL SURVEY AND LAND CLASSIFICATION, AVONDALE PROJECT, IDAHO

A letter from the Assistant Secretary of the Interior, reporting, pursuant to law, that an adequate soil survey and land classification has been made of the lands on the Avondale project, Idaho, and that the lands to be irrigated are susceptible to the production of agricultural crops by means of sprinkler

irrigation (with an accompanying paper); to the Committee on Interior and Insular Affairs.

Four letters from the Assistant Secretary of the Interior, transmitting, pursuant to law, proposed awards of concession contracts in the Rocky Mountain National Park, Colo., the Mount Rushmore National Memorial, S. Dak., the Grand Teton National Park, Wyo., and Glacier National Park, Mont. (with accompanying papers); to the Committee on Interior and Insular Affairs.

PETITIONS

Petitions, etc., were laid before the Senate, and referred as indicated:

By the VICE PRESIDENT:

A resolution adopted by the Wyoming Federation of Republican Women, Douglas, Wyo., favoring the prompt abrogation of "The Status of Forces Treaty"; to the Committee on Foreign Relations.

A letter in the nature of a petition from George H. Ball, of Washington, D. C., relating to the recent decision of the Commissioner of Internal Revenue, which declared that the pension fund of the International Typographical Union was taxable; to the Committee on Finance.

PAYMENTS BY FEDERAL GOVERNMENT IN LIEU OF TAXES—LETTER FROM CITY MANAGER, EAU CLAIRE, WIS.

Mr. WILEY. Mr. President, there is an exceedingly important question as to Federal payment in lieu of taxes to local governments which have been deprived by Uncle Sam of an increasing amount of tax-collecting base.

I present a representative letter which I received from David D. Rowlands, city manager of Eau Claire, Wis., urging action on a pending bill (S. 2473) for such payment.

I ask unanimous consent that the letter be printed at this point in the RECORD, and be thereafter appropriately referred to the Senate Finance Committee.

There being no objection, the letter was referred to the Committee on Government Operations, and ordered to be printed in the RECORD, as follows:

CITY OF EAU CLAIRE, WIS.,

July 6, 1954.

The Honorable ALEXANDER WILEY,
United States Senate,
Senate Office Building,
Washington, D. C.

DEAR SENATOR WILEY: It is my understanding that Senate bill 2473 which would provide payments by the Federal Government in lieu of taxes to local governments is now being considered by the Senate Government Operations Committee. This bill, as you know provides for payments in lieu of taxes on Federal real and personal property of an industrial or commercial nature.

The officials in the city of Eau Claire are interested in having this bill enacted into law and it will be appreciated if you will confer with the members of this committee—Senators KENNEDY of Massachusetts, BUTLER of Maryland, BURKE of Ohio, and SMITH of Maine—to express our support of this legislation.

I want to take this opportunity to thank you in advance for giving this matter your immediate consideration.

As a final observation, it should be pointed out that the Federal Government has paid payment in lieu of taxes to municipalities in other fields, particularly where defense housing was established during World War II so

some unusual precedent is not being established.

Sincerely yours,

DAVID D. ROWLANDS,
City Manager.

PURCHASE OF FIRE-FIGHTING EQUIPMENT—RESOLUTION OF MINNESOTA STATE CIVIL DEFENSE FIRE BOARD, ST. PAUL, MINN.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that a resolution adopted by the Minnesota State Civil Defense Fire Board, requesting that the Federal Government appropriate moneys to match local and State funds for the purchase of fire fighting equipment, be printed in the RECORD, and appropriately referred.

There being no objection, the resolution was referred to the Committee on Armed Services, and ordered to be printed in the RECORD, as follows:

Whereas, Public Law 920 and the Minnesota Civil Defense Act of 1951 have made civil defense a governmental responsibility; and

Whereas the degeneration of the international situation temphasizes the increasing need for preparedness; and

Whereas the development of destructive weapons the enemy is capable of delivering to American cities can cause conflagrations and fire storms far exceeding anything heretofore experienced in our history; and

Whereas a complete inventory and analysis of every piece of fire fighting equipment, including State-owned equipment, operated by local fire departments in Minnesota has given only an inadequate amount of fire apparatus for the direct support of the critical target areas of St. Paul and Minneapolis and the target area of Duluth: Now, therefore, be it

Resolved, That we the undersigned, the State civil defense fire defense board, as established under the authority of the Minnesota civil defense plan, meeting in the State civil defense control center, 1643 Rice Street, St. Paul, Minn., on the 25th day of June, 1954, respectfully request Congressional representatives of the people of Minnesota and other States to appropriate Federal moneys for the purpose of matching local and State funds for the purchase of fire-fighting equipment to strengthen the operational effectiveness of the fire-fighting services in Minnesota.

Frank Everett, Rochester Fire Defense Chief, MSU I, 20 Counties, Southeast Minnesota; Percy Burns, Keewatin, Fire Defense Chief, MSU II, 8 Counties, Northeast Minnesota; William A. Herbert, Crookston, Fire Defense Chief, MSU III, 15 Counties, Northwest Minnesota; Conrad Lund, Alexandria, Fire Defense Chief, MSU IV, 24 Counties Central Minnesota; Ben Bangerter, Mankato, Fire Defense Chief, MSU V, 20 Counties, Southwest Minnesota; Leonard C. Lund, Deputy Commissioner, Fire Marshal Division, State of Minnesota; R. C. Malmquist, Fire Chief, City of Minneapolis; W. H. Mat-tacks, Fire Chief, City of St. Paul; A. E. Pimley, Fire Protection, Forestry Division, State Department of Conservation.

GOVERNMENT COMPETITION WITH PRIVATE INDUSTRY—RESOLUTION

Mr. HUMPHREY. Mr. President, I ask unanimous consent that a resolution relating to Government competition with

private industry, adopted by the National Marking Device Association, brought to my attention by E. M. Mellgren, president of the Stamp Works at St. Paul, Minn., and vice president of the National Marking Device Association, printed in the body of the RECORD and appropriately referred.

There being no objection, the resolution was referred to the Committee on Labor and Public Welfare, and ordered to be printed in the RECORD, as follows:

To Whom It May Concern:

Whereas the marking-device industry has developed products and methods for the marking of the products of the world, and among them many very essential ones for use in either peace or wartime, and has invested extensively in tools and processing equipment for this production; and

Whereas this industry has been in the past and is still fully prepared to provide adequate product and services for the country's entire needs; and

Whereas the Federal Government is now competing in increasing and, in most cases, uneconomical ways with these valuable products and services to their disadvantage and in some instances to the point of driving them from the field: Now, therefore, be it

Resolved, That this industry in convention assembled, deploring this unnecessary and unfair competition—emanating from Federal prisons, ammunition plants, arsenals, Bureau of Standards, and elsewhere—is unalterably opposed to this intrusion by the Government into private industry, and will willingly cooperate in any effort made in its behalf to restore to it its proper functions, particularly in the manufacture of rubber stamps, marking inks, and similar marking products.

REPORT OF A COMMITTEE

The following report of a committee was submitted:

By Mr. LANGER, from the Committee on the Judiciary:

S. 3168. A bill granting the consent and approval of Congress to an interstate compact relating to the creation, development, and operation by the States of Kentucky and Virginia of a park to be known as the Breaks Interstate Park; with amendments (Rept. No. 1800).

MUTUAL SECURITY ACT OF 1954—REFERENCE OF BILL TO ARMED SERVICES COMMITTEE

Mr. KNOWLAND. Mr. President, pursuant to the custom which has been followed heretofore, and after consultation with the minority leader [Mr. JOHNSON of Texas], I ask unanimous consent that when the bill (H. R. 9678) to promote the security and foreign policy of the United States by furnishing assistance to friendly nations, and for other purposes is reported from the Committee on Foreign Relations it be referred to the Committee on Armed Services.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

MUTUAL SECURITY ACT OF 1954—REPORT OF A COMMITTEE

Mr. WILEY subsequently said: Mr. President, from the Committee on Foreign Relations, I report favorably, with an amendment, the bill (H. R. 9678) to promote the security and foreign policy

of the United States by furnishing assistance to friendly nations, and for other purposes, and I submit a report (No. 1799) thereon.

The VICE PRESIDENT. The report will be received; and, under the order heretofore agreed to, the bill will be referred to the Committee on Armed Services.

Mr. WILEY subsequently said: Mr. President, I ask unanimous consent that the Senator from North Dakota [Mr. LANGER] be permitted to submit minority views on House bill 9678, to be printed as part 2 of Senate Report No. 1799.

The VICE PRESIDENT. Is there objection? The Chair hears none and it is so ordered.

NOTICE OF HEARING BY ARMED SERVICES COMMITTEE ON MUTUAL SECURITY AUTHORIZATION BILL

Mr. SALTONSTALL. Mr. President, with reference to the request of the distinguished majority leader, made earlier today, with respect to the mutual-aid authorization bill, which has now been referred to the Committee on Armed Services, I respectfully state that the Committee on Armed Services expects to hold hearings on the bill in executive session tomorrow morning at 10 o'clock, and any Senator who wishes to do so, may appear before the committee.

BILLS AND JOINT RESOLUTIONS INTRODUCED

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. SALTONSTALL (by request):

S. 3736. A bill for the relief of Louis Bostiga; and

S. 3737. A bill for the relief of Leopoldine Maria Lofblad; to the Committee on the Judiciary.

By Mr. LANGER:

S. 3738. A bill to fix the fees payable to the Patent Office and for other purposes; and S. 3739 (by request). A bill to permit the naturalization of certain persons by reason of honorable service to the United States Navy prior to December 24, 1952; to the Committee on the Judiciary.

By Mrs. BOWRING (for herself, Mr. CARLSON, Mr. CASE, Mr. JOHNSON of Colorado, Mr. YOUNG, Mr. SPARKMAN, Mr. MUNDT, Mr. MALONE, Mr. REYNOLDS, and Mr. GOLDWATER):

S. 3740. A bill to amend the Packers and Stockyards Act, 1921, with respect to the charging of brand inspection fees; to the Committee on Agriculture and Forestry.

By Mr. MARTIN:

S. 3741. A bill to amend section 120 of the Internal Revenue Code (relating to the unlimited deduction for charitable and other contributions); to the Committee on Finance.

By Mr. MORSE:

S. 3742. A bill relating to the claims of the Mid-Columbia River Indians against the United States arising out of the construction of the Dalles Dam; to the Committee on Interior and Insular Affairs.

(See the remarks of Mr. MORSE when he introduced the above bill, which appear under a separate heading.)

By Mr. BRIDGES (for himself and Mr. BYRD):

S. J. Res. 174. Joint resolution proposing an amendment to the Constitution of the

United States to provide for the imposition of Federal taxes to provide revenues at least equal to appropriations, except in time of war declared by the Congress or when the United States is engaged in open hostility against an external enemy; to the Committee on the Judiciary.

(See the remarks of Mr. BRIDGES when he introduced the above joint resolution, which appear under a separate heading.)

By Mr. CASE (by request):

S. J. Res. 175. Joint resolution to authorize the quartering in public buildings in the District of Columbia of troops participating in activities related to the American Legion National Convention of 1954; to the Committee on Government Operations.

S. J. Res. 176. Joint resolution to provide additional municipal services for the District of Columbia, in connection with the American Legion National Convention of 1954, to authorize the granting of permits to the American Legion 1954 Convention Corporation on the occasion of the American Legion National Convention of 1954, and for other purposes; to the Committee on the District of Columbia.

MID-COLUMBIA RIVER INDIANS' CLAIMS FOR LOSS OF FISHERY RIGHTS AT CELILO FALLS, OREG.

Mr. MORSE. Mr. President, I introduce for appropriate reference a bill relating to the claims of the Mid-Columbia River Indians against the United States arising out of the construction of the Dalles Dam. I ask unanimous consent that the bill, together with as statement by me relating to the bill be printed in the RECORD.

The VICE PRESIDENT. The bill will be received and appropriately referred; and, without objection, the bill and statement will be printed in the RECORD.

The bill (S. 3742) relating to the claims of the Mid-Columbia River Indians against the United States arising out of the construction of the Dalles Dam, introduced by Mr. MORSE, was received, read twice by its title, referred to the Committee on Interior and Insular Affairs, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That the Chief of Engineers is authorized, for the purposes of the last proviso in the paragraph entitled "Construction, General" in the Civil Functions Appropriation Act, 1954, to negotiate with the Mid-Columbia River Indian Right Council, or any agent or attorney designated by such council, as the representatives of the Indians whose names appear on the roll prepared under section 2, in connection with their claims arising out of the construction, operation, or maintenance of the Dalles Dam, Columbia River, Oreg. and Wash.

SEC. 2. The Secretary of the Interior is authorized and directed to prepare, at the earliest practicable date, a roll of the individual Indians who—

(a) through domicile at or in the vicinity of the Dalles Dam and through custom and usage, or through membership in a recognized tribe, are found to have an equitable interest in the fishery at Celilo Falls; and

(b) on the date of enactment of the Civil Functions Appropriation Act, 1954, were domiciled at or in the vicinity of the Dalles Dam.

SEC. 3. Any amounts determined to be payable to the Indians whose names appear on the roll prepared under section 2 of this act, in connection with their claims arising out of the construction, operation, or maintenance of the Dalles Dam, shall be paid to such Indians individually, or to the guardians of those who may be minors or of unsound

mind, except that no such payment shall be made to any Indian who is an enrolled member of a recognized tribe unless he executes a waiver, in such form as may be prescribed by the Secretary of the Interior, of all right to or interest in any amounts payable to such tribe or the members thereof in connection with their claims arising out of the construction, operation, or maintenance of the Dalles Dam.

The statement by Mr. MORSE is as follows:

STATEMENT BY SENATOR MORSE ON THE MID-COLUMBIA RIVER INDIANS' CLAIMS FOR LOSS OF FISHERY RIGHTS AT CELILO FALLS, OREG.

The Mid-Columbia River Indians, who from time immemorial have lived at Celilo Falls on the banks of the Columbia River in Oregon, are going to lose their homesite and ancient fishery. These Indian people depend upon Nature's bountiful supply of salmon in the Columbia River as the principal means of their livelihood. Most Americans have seen pictures of the magnificent falls of Celilo and the Indians assembled on the rocks and structures fishing for salmon as their ancestors did centuries ago.

Man's progress in this swift-moving world will soon leave only memories of Celilo Falls. The reservoir to be formed by the Dalles Dam will inundate the falls and the Mid-Columbia Indians will no longer dwell at the site to obtain their livelihood under the customs of their forebears.

The Government, in recognition of the fact that the Indians' fishery is a valuable property right, arranged for the payment of many millions of dollars to compensate for the loss sustained by these people. Congress, under Public Law 153 of the 83d Congress, implemented this arrangement by authorizing the Chief of Engineers to make compensation payments to the various Indian tribes affected by the loss of the fishery.

The Mid-Columbia River Indians had, for some time prior to the enactment of Public Law 153, encountered difficulties with the interested Government agencies in obtaining recognition as an Indian tribe with which a settlement could be effected for the loss of their valuable rights. These Indians retained counsel, participated in committee hearings in Washington, D. C., and upon inclusion in the Senate civil functions appropriation bill of the proviso that ultimately appeared in Public Law 153, they assumed that their right to compensation as an Indian tribe was settled beyond question and that the Government would negotiate a final settlement under the authority of Public Law 153. The proviso in question reads as follows:

Provided further, That funds appropriated herein may, at the discretion and under the direction of the Chief of Engineers, be used in payment to the accounts of the Confederated Tribes of the Yakima Reservation; the Confederated Tribes of the Warm Springs Reservation; the Confederated Tribes of the Umatilla Reservation; or other recognized Indian tribes, and those individual Indians not enrolled in any recognized tribe, but who through domicile at or in the immediate vicinity of the reservoir and through custom and usage are found to have an equitable interest in the fishery, all of whose fishing rights and interests will be impaired by the Government incident to the construction, operation, or maintenance of the Dalles Dam, Columbia River, Wash. and Oreg., and must be subordinated thereto by agreement or litigation."

Despite the enactment of the foregoing language, the Department of the Interior has taken the position that "Departmental recognition of the existence of an Indian tribe as such" is "dependent upon ratification by the United States Senate of a treaty or agreement with an Indian tribe or recognition of a tribal entity under Federal statutes." Consequently, the Department of

the Interior through its Bureau of Indian Affairs has concluded that it cannot regard the Mid-Columbia River Indians as a recognized Indian tribe for the purpose, among others, of approving contracts between Indian tribes and their attorneys.

The Army engineers have taken the position that they cannot negotiate with counsel for the Mid-Columbia River Indians until counsel qualifies by obtaining approval of the Bureau of Indian Affairs.

So far as I have been able to ascertain, these Indians want to be treated as a tribe or band and they desire to be represented by tribal counsel for purposes of negotiating with the Government.

In view of the fact that the interested Government agencies take the position that there are legal obstacles to the recognition of attorney contracts and to negotiations of the type desired by the Mid-Columbia River Indians, I have introduced for appropriate reference, a bill which is designed to remove such legal obstacles. I ask that the Senate Committee on Interior and Insular Affairs give consideration to this matter at the earliest possible date because I am sure that the Government agencies and all interested parties are most anxious to resolve this case promptly upon a fair and reasonable basis.

PROHIBITION OF TRANSPORTATION OF GAMBLING DEVICES IN INTERSTATE AND FOREIGN COMMERCE—AMENDMENT

Mr. BUTLER submitted an amendment intended to be proposed by him to the bill (S. 3190) to amend section 3 of the act of January 2, 1951, prohibiting the transportation of gambling devices in interstate and foreign commerce, which was ordered to lie on the table and to be printed.

AMENDMENT OF SECTION 345 OF REVENUE ACT OF 1951

Mr. BUSH (for himself, Mr. BRIDGES, Mr. CAPEHART, and Mr. FERGUSON) submitted an amendment intended to be proposed by them, jointly, to the bill (H. R. 6440) to amend section 345 of the Revenue Act of 1951, which was referred to the Committee on Finance and ordered to be printed.

EXTENSION OF COVERAGE UNDER OLD-AGE AND SURVIVORS INSURANCE PROGRAMS—AMENDMENT

Mr. LONG. Mr. President, some of us are very much concerned that every time social-security payments have been increased the minimum benefits have remained so inadequate that many recipients have found it necessary to rely in large measure upon public assistance. Every time their social-security payments have been increased they have found that their public assistance was reduced by the same dollar amount that the social-security benefits were increased. That same result would again occur if H. R. 9366 were passed in its present form. Although the bill provides an average of \$6 increase for every person on social security, that benefit would be of no use to those who were drawing public assistance, because it would be necessary for the public-assistance administrators throughout the country to

deduct that amount from the public assistance to which each person would be entitled.

For that reason, Mr. President, I have been joined by three other Senators, the Senator from Florida [Mr. SMATHERS], the Senator from Nevada [Mr. MALONE], and the Senator from California [Mr. KUCHEL], in submitting an amendment intended to be proposed by us jointly to the bill (H. R. 9366) to amend the Social Security Act and the Internal Revenue Code so as to extend coverage under the old-age and survivors insurance program, increase the benefits payable thereunder, preserve the insurance rights of disabled individuals, and increase the amount of earnings permitted without loss of benefits, and for other purposes.

The VICE PRESIDENT. The amendment will be received and printed, and will be referred to the Committee on Finance.

CHANGES OF REFERENCES

Mr. LANGER. Mr. President, at a recent meeting of the Committee on the Judiciary motions were made and passed unanimously by the committee, a quorum being present, to refer four bills now pending in the committee to other committees of the Senate on jurisdictional grounds.

The first one is S. 603, introduced by the Senator from Montana [Mr. MURRAY], for himself and a number of other Senators, all members of the Labor and Public Welfare Committee, which would make a criminal offense of certain actions which are now described as only unfair labor practices under the provisions of the Taft-Hartley law. Since the bill has the indirect effect of amending that law, the committee believes it should be considered by the Labor and Public Welfare Committee.

The second bill is S. 2449, a private bill for the relief of a civil-service employee who became entangled in the operation of the so-called Whitten rider so as to miss out on a grade promotion. In all probability, the Post Office and Civil Service Committee has had occasion to study this problem generally, and therefore it is the recommendation that this bill be referred to that committee.

The third bill, S. 2631, introduced by the Senator from Delaware [Mr. WILLIAMS], would prohibit the payment of Government retirement benefits to persons convicted of certain offenses. A similar bill, introduced by the Senator from Michigan [Mr. FERGUSON], was referred to the Committee on Post Office and Civil Service, and therefore, in the opinion of the committee, this bill should go to that committee for consideration at such time as they take up the Ferguson bill.

The fourth bill is H. R. 1325, a private bill for the relief of George L. F. Allen, relates to the waiver of certain veterans' regulations, the subject matter of which is in the jurisdiction of the Committee on Labor and Public Welfare.

Mr. President, I now ask unanimous consent that the Committee on the Judi-

ciary be discharged from further consideration of the above bills and that they be referred to the other committees as indicated.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the Committee on the Judiciary will be discharged from further consideration of the bills, and they will be referred as requested by the Senator from North Dakota.

AMENDMENT OF INTERSTATE COMMERCE ACT, RELATING TO REQUESTS OF COMMON CARRIERS FOR INCREASED TRANSPORTATION RATES—WITHDRAWAL OF MOTION TO RECONSIDER

Mr. BRICKER. Mr. President, I ask unanimous consent that the motion to reconsider the vote by which the bill (S. 1461) to amend the Interstate Commerce Act, as amended, concerning requests of common carriers for increased transportation rates, was recommitted to the Committee on Interstate and Foreign Commerce, and which was made by the late Senator Butler of Nebraska, our deceased colleague, on May 14, 1954, be withdrawn.

The VICE PRESIDENT. Is there objection to the request?

Mr. LANGER. Mr. President, I should like to ask one question. Is it the intention of the committee to bring the bill up again at this session?

Mr. BRICKER. The committee is going to take it up tomorrow morning. That is the reason for this unanimous-consent request.

Mr. LANGER. The committee will take it up?

Mr. BRICKER. Yes.

Mr. LANGER. Is it planned to report the bill to the Senate?

Mr. BRICKER. I have no idea; I do not know.

Mr. LANGER. There will be no report to the Senate until the committee takes action?

Mr. BRICKER. Oh, no.

Mr. LANGER. I thank the Senator. I have no objection.

The VICE PRESIDENT. The Chair hears no objection, and the unanimous-consent request is agreed to.

PRINTING OF REVIEW ON CHARLESTON HARBOR, CHARLESTON, S. C.

Mr. MARTIN. Mr. President, I present a letter from the Acting Secretary of the Army, transmitting a report dated June 22, 1954, from the Chief of Engineers, United States Army, together with accompanying papers and illustrations, on a review of reports on the Charleston Harbor, Charleston, S. C., requested by a resolution of the Committee on Public Works of May 12, 1950. I ask unanimous consent that the report be printed as a Senate document, with illustrations.

The VICE PRESIDENT. Is there objection to the request of the Senator from Pennsylvania? The Chair hears none, and it is so ordered.

THE MUTUAL SECURITY ACT OF 1954

REPORT

OF THE

COMMITTEE ON FOREIGN RELATIONS

ON

H. R. 9678

THE MUTUAL SECURITY ACT OF 1954



JULY 13 (legislative day, JULY 2), 1954.—Ordered to be printed,
with illustrations

UNITED STATES
GOVERNMENT PRINTING OFFICE

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THE MUTUAL SECURITY ACT OF 1954

JULY 13 (legislative day, JULY 2), 1954.—Ordered to be printed with illustrations

Mr. WILEY, from the Committee on Foreign Relations, submitted the following

REPORT

[To accompany H. R. 9678]

The Committee on Foreign Relations, to whom was referred H. R. 9678, the Mutual Security Act of 1954, reports the bill favorably to the Senate with an amendment and recommends that it do pass.

I. INTRODUCTION

1. MAIN PURPOSE OF THE BILL

The main purpose of the bill is to continue for another year the varied programs, under the general heading of Mutual Security, which are designed to promote the security and foreign policy of the United States by furnishing assistance to friendly nations. A total appropriation for fiscal 1955 of \$3.1 billion is authorized—\$348 million less than requested by the administration.

2. WHAT THE BILL DOES

This bill is a codification of 11 separate laws pertaining to foreign assistance. Obsolete provisions have been eliminated, overlapping provisions have been consolidated, and new provisions have been added to meet present world conditions.

The amounts requested and approved by the committee are set forth in the following table, along with the reductions made by the committee and amounts approved by the House.

Amounts authorized by mutual security bill as approved by Senate Foreign Relations Committee

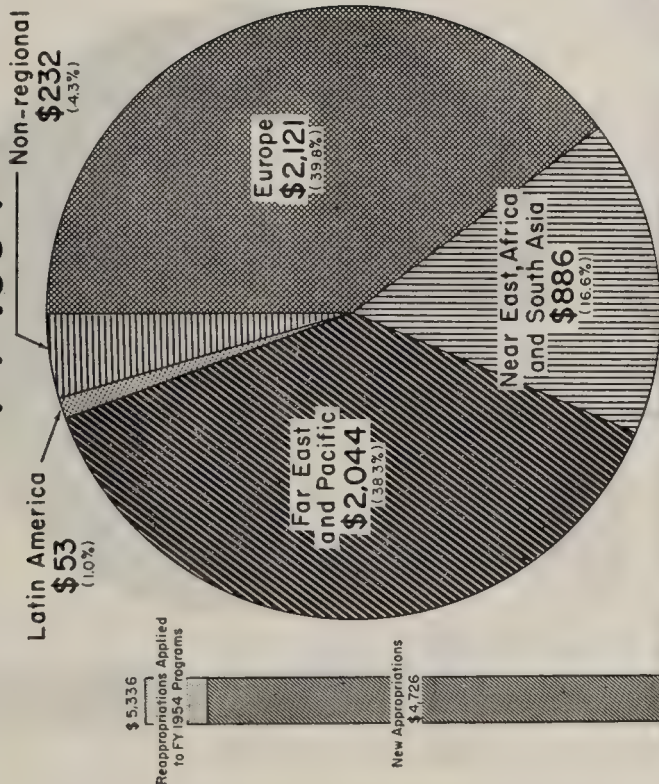
	Executive branch authorization request	Authorization approved by committee	Reduction	Authoriza- tion approved by House
Title I—Mutual defense assistance:				
Chapter 1—Military assistance:				
Sec. 103. Authorizations.....	\$1,430,300,000	\$1,265,300,000	\$165,000,000	\$1,430,300,000
Sec. 104. Infrastructure.....	321,000,000	321,000,000	None	321,000,000
Sec. 105. Development of weapons of advanced design.....	27,000,000	27,000,000	None	-----
Total, chapter 1.....	1,778,300,000	1,613,300,000	165,000,000	1,751,300,000
Chapter 2—Direct forces support:				
Sec. 121. Southeast Asia and western Pacific.....	800,000,000	712,000,000	88,000,000	800,000,000
Sec. 122. Production for forces support.....	75,000,000	70,000,000	5,000,000	-----
Sec. 123. Common use items.....	70,000,000	64,000,000	6,000,000	70,000,000
Total, chapter 2.....	945,000,000	846,000,000	99,000,000	870,000,000
Chapter 3—Defense support:				
Sec. 131 (b) (1). Europe.....	¹ 77,500,000	¹ 71,000,000	6,500,000	¹ 45,000,000
Sec. 131 (b) (2). Near East, Africa, and South Asia.....	81,850,000	73,000,000	8,850,000	81,850,000
Sec. 131 (b) (3). Far East and Pacific.....	96,430,000	86,230,195	10,199,805	96,430,000
Sec. 132. Korea—(a) Relief and reha- bilitation.....	230,000,000	205,000,000	25,000,000	230,000,000
Sec. 132. Korea—(c) UNKRA.....	11,300,000	3,452,615	7,847,385	11,300,000
Total, chapter 3.....	497,080,000	438,682,810	58,397,190	464,580,000
Total, title I.....	3,220,380,000	2,897,982,810	322,397,190	3,085,880,000
Title II—Development assistance:				
Sec. 201 (a) (1). Near East and Africa.....	130,000,000	115,000,000	15,000,000	130,000,000
Sec. 201 (a) (2). South Asia.....	85,000,000	76,000,000	9,000,000	85,000,000
Sec. 201 (a) (3). American Republics.....	9,000,000	9,000,000	None	9,000,000
Total, title II.....	224,000,000	200,000,000	24,000,000	224,000,000
Title III—Technical cooperation:				
Sec. 304. Authorization.....	112,070,000	112,070,000	None	112,070,000
Sec. 306 (a). United Nations.....	17,958,000	17,958,000	None	17,958,000
Sec. 306 (b). Organization of American States.....	1,500,000	1,500,000	None	1,500,000
Total, title III.....	131,528,000	131,528,000	None	131,528,000
Title IV:				
Sec. 403. Special assistance in joint control areas.....	(¹)	(¹)	-----	¹ 25,000,000
Sec. 405 (a). European migration.....	11,700,000	11,189,190	510,810	11,700,000
Sec. 405 (c). U. N. refugees.....	500,000	500,000	None	500,000
Sec. 406. Children's welfare.....	13,500,000	13,500,000	None	13,500,000
Sec. 407. Palestine refugees in Near East.....	30,000,000	30,000,000	None	30,000,000
Sec. 408 (a). NATO.....	3,200,000	3,200,000	None	3,200,000
Sec. 409. Ocean freight charges.....	4,400,000	4,400,000	None	4,400,000
Sec. 410. Control Act expenses.....	1,300,000	1,300,000	None	1,300,000
Sec. 411. Administrative expenses.....	35,900,000	34,700,000	1,200,000	35,900,000
Total, title IV.....	100,500,000	98,789,190	1,710,810	125,500,000
Total, all titles.....	3,676,408,000	3,328,300,000	348,108,000	3,566,908,000
Less amounts for which no appropriation is requested:				
Sec. 407. Palestine refugees in Near East.....	30,000,000	30,000,000	-----	30,000,000
Sec. 104—Infrastructure.....	198,300,000	198,300,000	-----	198,300,000
Total.....	228,300,000	228,300,000	-----	228,300,000
Balance.....	3,448,108,000	3,100,000,000	348,108,000	3,338,608,000

¹ In the administration request and Senate version the \$25 million for assistance in joint control areas is included in sec. 131 (b) (1) (defense support, Europe). In the House version, the sum is authorized in sec. 403 (special assistance in joint control areas).

FY 1954 AND FY 1955 PROGRAMS BY GEOGRAPHIC AREA

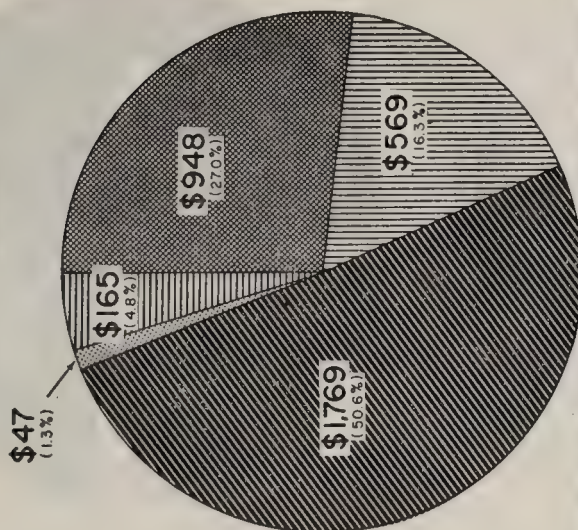
(\$ Millions)

FY 1954



\$ 5,336
Million

FY 1955



\$ 3,498
Million

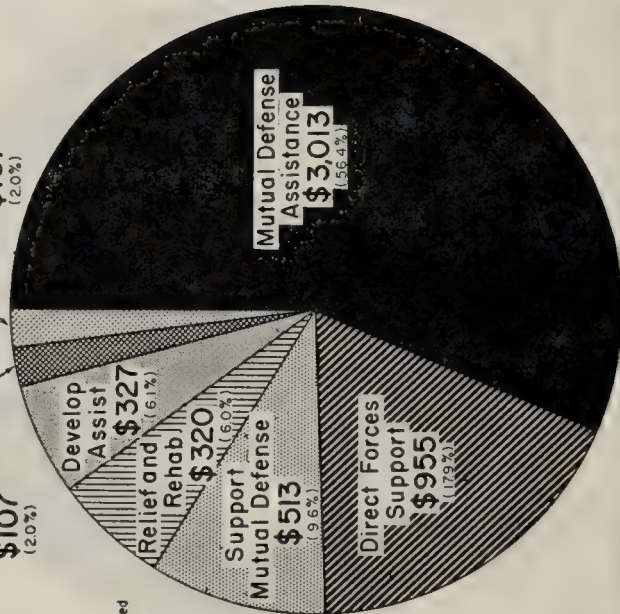
FY 1954 AND FY 1955 PROGRAMS

BY FUNCTION

(\$ Millions)

FY 1954

Technical Cooperation — \$107 (2.0%)
Other — \$101 (2.0%)



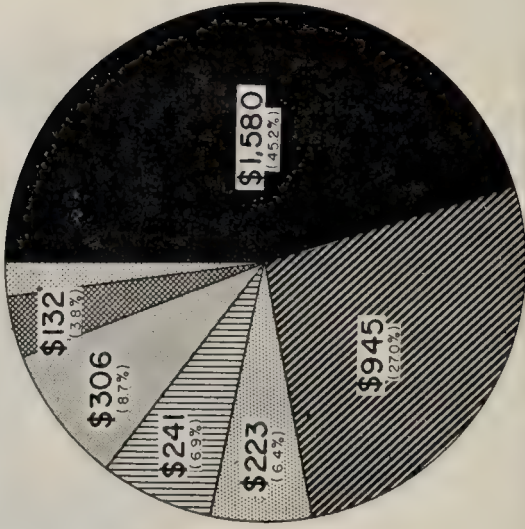
Reappropriations Applied to FY 1954 Programs \$5,336

New Appropriations \$4,726

\$ 5,336
Million

FY 1955

\$70 (2.0%)



\$ 3,498
Million

In deciding to reduce the total authorization of new money for fiscal 1955 to \$3,100,000,000, the committee determined to apply the reduction to title I (mutual defense assistance) and title II (development assistance), with certain exceptions. These exceptions are the amounts requested for infrastructure (sec. 104), special weapons (sec. 105), and development assistance for Latin America (sec. 201 (a) (3)). The sums requested for these purposes were approved in full. Authorizations for European migration and for administration were reduced by \$510,810 and \$1,200,000, respectively, in the light of later executive branch estimates of the sums required. The cut applied to titles I and II amounted to 10.45 percent of the totals. The committee accordingly reduced the chapter and title totals by this percentage and distributed this reduction within the chapters and titles in approximately the same proportion. This reduction, however, has not been applied to the area figures in section 106 which, the committee wishes to stress, are ceilings and not specific authorizations. The United Nations' Korean Reconstruction Agency was cut from \$11,300,000 to \$3,452,615 on representations from the administration that the lesser sum would be adequate.

Other major new points in the bill are:

1. *EDC*.—The so-called Richards amendment is modified to provide that countries ratifying the EDC can receive military assistance from funds appropriated for fiscal years 1954 and 1955. Assistance from such funds will not be available to countries not approving EDC, at the present time France and Italy (sec. 105 (b) (1)).

2. *Military assistance, Far East and Pacific*.—Military assistance is to be furnished in such a way as to "give the fullest assistance" to the creation of a regional organization for economic development and defense (sec. 106 (b) (3)).

3. *Infrastructure*.—In addition to the military assistance funds further United States contributions of \$321 million to the NATO infrastructure program are authorized over a 4-year period (sec. 104 (a)). The requested appropriation for fiscal 1955 is \$122.7 million. The President is also authorized to contribute up to \$50 million, out of military assistance funds, to non-NATO infrastructure programs (sec. 104 (b)).

4. *Direct forces support, Southeast Asia*.—The \$712 million fund authorized for direct forces support in Indochina and Southeast Asia contains a prohibition against its use—

in behalf of governments which are committed by treaty to maintain Communist rule over any defined territory of Asia.

5. *Korea*.—The transfer to Korea by either sale or charter of eight small vessels is authorized (sec. 132 (b)).

6. *Institute of Inter-American Affairs*.—The institute is extended from June 30, 1955, to June 30, 1960, and is made subject to the budget and auditing procedures of regular Government agencies instead of those of Government corporations (sec. 544 (b)).

7. *Migration of Ryukyans*.—Not more than \$800,000 of funds in the bill may be used to facilitate the migration to other American Republics of residents of the United States-controlled portions of the Ryukyu Islands (sec. 405 (b)).

8. *Travel by American citizens*.—The President is directed to encourage travel by American citizens to countries receiving assistance from the United States as well as travel by citizens of those countries

to the United States, but no funds are to be spent in such activities except for administrative expenses (sec. 417).

9. *Unexpended balances*.—All unexpended balances are authorized to be reappropriated. These total approximately \$9.7 billion.

Unexpended balances of prior appropriations are continued available for development of strategic materials (sec. 412) and for assistance to Chinese and Korean students (sec. 413), but no new appropriations are authorized. These unexpended balances amount to slightly more than \$500,000 for strategic materials and \$850,000 for Chinese and Korean students.

10. *Contingency funds and escapee program*.—Not more than \$150 million (not more than \$20 million for any one nation) may be spent without regard to the requirements of the bill when the President determines that such use is important to the security of the United States and in furtherance of the purpose of the bill. Not more than \$100 million of this total of \$150 million may be spent on the program to aid persons escaping from behind the Iron Curtain, and not more than \$50 million is available to the President in unvouchered funds (sec. 401).

11. *Transferability*.—The President is given general authority to transfer up to 10 percent of the funds made available for any purpose to any other purpose and from one area to any other area for the same purpose (sec. 501). Up to 15 percent of the funds for military assistance may be transferred from one area to another (sec. 106 (d)).

12. *Loans*.—Not less than \$150 million of the funds for nonmilitary assistance can be used only for loans (sec. 505 (a)) to be administered through the Export-Import Bank (sec. 505 (b)).

13. *Surplus agricultural commodities*.—Not less than \$350 million is to be used to finance the transfer of surplus agricultural commodities (sec. 402).

14. *Offshore procurement*.—Military assistance funds may be used for offshore procurement unless the President finds that such procurement will adversely affect the American economy, that it will take place under inadequate safeguards against sabotage or espionage, that it will be unjustifiably expensive, or that it will take too long (sec. 103 (c)).

Provision is made for offshore procurement in connection with nonmilitary assistance on substantially the same basis as in connection with military assistance (sec. 510).

15. *Foreign trade in munitions*.—The President is authorized to control the export and import of arms, ammunition, implements of war and relevant technical data (sec. 415 (a)). Persons engaging in such trade, or in the manufacture of such products, are required to register (sec. 415 (b)) and criminal penalties of 2 years' imprisonment or a \$25,000 fine, or both, are provided for violations (sec. 415 (c)).

16. *Joint Commission on Rural Reconstruction*.—Continued United States participation in the Joint Commission on Rural Reconstruction in China is specifically authorized (sec. 537).

17. *Administration*.—The bill provides for the present organization and administration of the mutual security program to be continued, with only minor changes (secs. 521–535), for 1 year. Section 503, however, indicates that the military and economic development aid programs are not to continue beyond June 30, 1955, unless the President establishes and the Congress agrees that such programs are essential in the future.

18. *Repeal.*—Finally, the prior laws repealed by this bill (sec. 542 (a)) are:

- (a) The Greek-Turkish Aid Act of May 22, 1947.
- (b) The joint resolution to provide relief assistance to the people of countries devastated by war (approved May 31, 1947).
- (c) The Foreign Aid Act of 1947.
- (d) The Foreign Assistance Act of 1948 (including the Economic Cooperation Act, the International Children's Emergency Fund Assistance Act, the Greek-Turkish Assistance Act, and the China Aid Act).
- (e) The Mutual Defense Assistance Act of 1949.
- (f) The Foreign Economic Assistance Act of 1950 (including the Economic Cooperation Act of 1950, the China Area Aid Act of 1950, the United Nations Palestine Refugee Aid Act, and the Act for International Development).
- (g) The Far Eastern Economic Assistance Act of 1950.
- (h) The Yugoslav Emergency Relief Assistance Act of 1950.
- (i) The Mutual Security Acts of 1951, 1952, and 1953.
- (j) Section 12 of the Neutrality Act of 1939 (having to do with the National Munitions Control Board).
- (k) Section 4 of the act of March 3, 1925 (having to do with exports of helium).
- (l) Section 968 of title 18, United States Code (having to do with export of war materials).

3. COMMITTEE ACTION

The committee began its consideration of the mutual security program for fiscal 1955 by hearing testimony from Secretary of State John Foster Dulles in public session June 4 and from Harold E. Stassen, Director of the Foreign Operations Administration, June 8.

Subsequently, in executive session, the committee heard Adm. Arthur W. Radford, Chairman of the Joint Chiefs of Staff; Gen. Alfred M. Gruenther, Supreme Commander, Allied Powers in Europe; Livingston T. Merchant, Assistant Secretary of State for European Affairs; Everett F. Drumright, Deputy Assistant Secretary of State for Far Eastern Affairs; Henry A. Byroade, Assistant Secretary of State for Near Eastern, South Asian, and African Affairs; Henry F. Holland, Assistant Secretary of State for Inter-American Affairs; David McK. Key, Assistant Secretary of State for United Nations Affairs; Maj. Gen. George C. Stewart, Director of the Office of Military Assistance, Office of the Secretary of Defense; Tracy S. Voorhees, Director of Offshore Procurement, Office of the Secretary of Defense; Dr. D. A. Fitzgerald, Deputy Director for Operations, Foreign Operations Administration; and other officials of the State and Defense Departments and Foreign Operations Administration.

The transcripts of these hearings have been edited and are available with classified security information deleted.

On June 22, the committee again met in public to hear interested citizens and representatives of private organizations on various aspects of the program.

On June 28, the committee met in executive session to begin section-by-section consideration of the bill which had been reported by the House Committee on Foreign Affairs June 24. In all, the

committee held 14 executive sessions in marking up the bill, during which it had the benefit of further consultations with Secretary Dulles, Mr. Stassen, Under Secretary Walter Bedell Smith, and General Stewart.

On July 12 the committee voted 11 to 2 to report the bill favorably to the Senate with an amendment in the nature of a substitute.

Inasmuch as large portions of the bill are simply the reenactment of existing law, the report discusses in detail only those sections which change existing law. A section-by-section analysis of the bill, prepared by the executive branch, is appended to the report and covers all sections of the bill.

Because the bill repeals 11 laws and parts of 3 others, it is inexpedient to comply with subsection 4 of rule XXIX of the Standing Rules of the Senate. Such compliance would require reprinting, without change, the texts of all these laws, and it has been waived in the interests of time.

4. WHY THE BILL IS NECESSARY

The mutual security program, in all of its phases, represents one of the principal instrumentalities by which the United States seeks to meet the Soviet threat. It is the means by which we increase our own security by helping to build the collective security of the non-Soviet world.

The magnitude of the Soviet threat has in no wise diminished in the last year. Indeed, it has, if anything, increased. The Soviets continue to build airfields in Eastern Europe; they continue to increase the strength of the military forces available to them.

In southeast Asia, the deterioration of the free world's position is apparent, and Soviet activities in the Middle East are increasing.

Even in the Western Hemisphere, the last year has seen almost-successful Soviet efforts to capture other countries.

In the face of this danger, the committee is convinced that it would be extremely unwise to end the mutual security program this year.

The Soviet threat is in part military, in part political and economic. The mutual security program provides ways to meet it in all its forms. As the Soviets are concerned with the total penetration and collapse of free world countries, so the mutual security program is concerned with the total strength of those countries. By whatever name the various forms of assistance in this bill are called, they have a single, common objective—free world strength.

To discontinue this program now would be to remove one of the chief obstacles to Soviet success.

As it has done repeatedly in recent years, the committee again emphasizes its conviction that a policy of collective security is the only means of meeting the Soviet threat that offers any real hope of success. It seems to the committee that the rationale of this proposition no longer needs to be argued. The proposition itself, however, is worth reaffirming, particularly in view of recent differences between the United States and certain of its allies.

Despite these differences, the mutual security program and the policy of collective security on which it is based have paid off in terms of stronger United States allies and therefore of greater total free-world strength.

In Western Europe, ground forces have increased by several times what they were in 1951, air forces have more than doubled, and naval strength has increased considerably. The result is that the Soviets could no longer launch an attack without noticeable advance preparation. Further, the great industrial capacity of Western Europe continues to produce for the free world.

In the Far East, several hundred thousand well-trained troops guard Formosa and offer a constant threat to the Red Chinese mainland. The productivity of Japan is on the side of the free world, and steps are now being taken to make more efficient utilization of Japanese manpower for defense of the Japanese islands. The Republic of Korea is being provided with relief and rehabilitation under the mutual security program (military assistance to Korea is supplied from Defense Department funds.)

The vast natural and human resources of the Middle East and South Asia are still denied the Soviets, and one can see the beginnings of programs which will further strengthen those areas.

In the Western Hemisphere, actions at the Caracas Conference and subsequently prove that the United States can still count on firm friends among the other American Republics—and on supplies of critical and strategic raw materials.

Allied reverses in Indochina are not legitimate grounds for defeatism; on the contrary, they are cause for renewed and stronger efforts to build an effective system of collective security in that part of the world.

On balance, the United States need not be dismayed by the continuance of the Soviet threat. We have many strong allies, and the mutual security program embodied in the pending bill will make them even stronger.

These allies are important to United States security in many ways—in terms of their manpower, their industrial production and capacity, their moral support, their strategic locations, and their raw material resources. All of these things are now available to the free world and denied to the Soviet Union.

Critics of the mutual security program have sometimes opposed it on the grounds that one cannot buy friendship. The statement is true, but the criticism is misdirected. It is not the object of the mutual security program to buy friendship. To attempt to do so would not only be futile but an insult to our friends. The object of the mutual security program is to help make our friends stronger so that they themselves can play larger roles in their own self-defense and in defense of the free world generally. In this, the mutual security program has been successful.

The fact is that the United States could not increase its security anywhere near to the same extent by spending the funds authorized in this bill for any other purpose or by not spending them at all.

The returns from the mutual security program in terms of increased allied and friendly strength are far more than proportionate to the United States funds involved.

5. UNOBLIGATED AND UNEXPENDED BALANCES

The committee thoroughly examined the amounts unobligated and unexpended from previous appropriations, which the bill carries over. The following table shows these balances as of June 30 last year, with estimates for June 30 this year and next year:

Unexpended and unobligated balances

[In thousands]

Category	June 30, 1953		June 30, 1954		June 30, 1955, unexpended balance (estimate)
	Unobligated balance	Unexpended balance	Unobligated balance (estimate)	Unexpended balance (estimate)	
Grand total.....	\$2, 115, 400	\$10, 061, 100	\$2, 604, 300	\$9, 749, 500	\$7, 360, 800
Title I—Mutual defense assistance:					
Chapter 1—Military assistance:					
Sec. 103. General authorization.....	(1)	(1)			
Sec. 106 (c):					
(1) Europe, includes facilities assistance.....	(1)	(1)	2, 043, 200	5, 683, 100	
(2) Near East.....	(1)	(1)	167, 600	761, 500	
(3) Far East.....	(1)	(1)	254, 500	1, 067, 700	
(4) Latin America.....	(1)	(1)	34, 700	58, 700	
Sec. 104. Infrastructure.....	(1)	(1)			
Sec. 105. Development of weapons of advanced design.....	(1)	(1)	27, 000	50, 000	
Total, chapter 1.....	(1)	(1)	2, 527, 000	7, 621, 000	5, 587, 400
Chapter 2—Southeast Asia, the western Pacific and direct forces support:					
Sec. 121. Southeast Asia and the western Pacific.....	(1)	(1)		590, 000	
Sec. 122. Production for forces support.....	(1)	(1)		165, 000	
Sec. 123. Common-use items.....	(1)	(1)			
Total, chapter 2.....	(1)	(1)		755, 000	701, 400
Chapter 3—Defense support:					
Sec. 131 (b):					
(1) Europe.....	(1)	(1)	37, 500	360, 600	
(2) Near East, Africa, and South Asia.....	(1)	(1)		124, 300	
(3) Far East and Pacific.....	(1)	(1)		130, 600	
Sec. 132:					
(a) Korean program.....	(1)	(1)		160, 000	
(c) United Nations Korean Reconstruction Agency.....	(1)	(1)	10, 700	10, 700	
Total, chapter 3.....	(1)	(1)	48, 200	786, 200	662, 600
Total, title I.....	(1)	(1)	2, 575, 000	9, 162, 200	6, 951, 400
Title II—Development assistance:					
Sec. 201 (a):					
(1) Near East and Africa.....	(1)	(1)		72, 200	
(2) South Asia.....	(1)	(1)		65, 000	
Far East and Pacific.....	(1)	(1)		24, 700	
(3) American Republics.....	(1)	(1)		2, 000	
Europe (coal and steel loan).....	(1)	(1)		100, 000	
Total, title II.....	(1)	(1)		263, 900	224, 300
Title III—Technical cooperation:					
Sec. 304. Authorization.....	(1)	(1)		164, 500	
Sec. 306. Multilateral technical cooperation:					
(a) United Nations Technical Assistance.....	(1)	(1)		700	
(b) Organization of American States.....	(1)	(1)			
Total, title III.....	(1)	(1)		165, 200	136, 700

See footnotes at end of table, p. 11.

Unexpended and unobligated balances—Continued

[In thousands]

Category	June 30, 1953		June 30, 1954		June 30, 1955, unexpended balance (estimate)
	Unobligated balance	Unexpended balance	Unobligated balance (estimate)	Unexpended balance (estimate)	
Title IV—Other programs:					
Sec. 403. Special assistance in joint control areas.....	(1)	(1)	-----	-----	
Sec. 405 (a). Movement of migrants and refugees.....	(1)	(1)	-----	\$5, 900	
Sec. 405 (c). United Nations Refugee Emergency Fund.....	(1)	(1)	-----	-----	
Sec. 406. Children's welfare.....	(1)	(1)	-----	-----	
Sec. 407. United Nations Relief and Works Agency (authorization only).....	(1)	(1)	\$29, 100	-----	
Sec. 408 (a). North Atlantic Treaty Organization.....	(1)	(1)	-----	-----	
Sec. 409. Ocean freight charges.....	(1)	(1)	-----	700	
Sec. 410. Control Act expenses.....	(1)	(1)	-----	-----	
Sec. 411. Administrative expenses.....	(1)	(1)	-----	6, 900	
Total, title IV.....	(1)	(1)	29, 100	13, 500	\$48, 400
No fiscal year 1955 request:					
Escapes.....	(1)	(1)	-----	5, 100	
Basic materials.....	(1)	(1)	-----	18, 900	
Sec. 550 sales.....	(1)	(1)	-----	117, 000	
Special projects.....	(1)	(1)	-----	2, 200	
East German food.....	(1)	(1)	-----	1, 500	
Operation Reindeer.....	(1)	(1)	-----	-----	
Total.....	(1)	(1)	-----	144, 700	
Recapitulation:					
Military assistance.....	\$1, 930, 500	\$8, 479, 000	2, 527, 000	7, 621, 000	5, 587, 400
Nonmilitary assistance.....	184, 900	1, 582, 100	77, 300	2, 128, 500	1, 773, 400
Grand total.....	2, 115, 400	10, 061, 100	2, 604, 300	9, 749, 500	7, 360, 800

¹ Breakdown not available due to different fiscal year 1954 appropriations structure.

The more significant figures in this table are not those of the unexpended balances, but those of the unobligated balances. The difference between the unobligated and the unexpended funds, which amounted to approximately \$7 billion on June 30, 1954, represents appropriations which have been obligated but not yet spent. The goods have been ordered, and they will have to be paid for when delivered. This balance of \$7 billion in obligated, but unexpended funds, therefore, is not available for any other use.

The unobligated balance of \$2.6 billion represents funds not firmly set aside against a specific contract. Most of them, however, are definitely committed to specific programs, even though those programs have not yet advanced to the stage where the funds can be said to be "obligated" within the strict definition of that term insisted upon by the General Accounting Office.

In explaining the unobligated balances, Mr. Stassen stressed two factors which contribute to this situation. The Administration does not make firm programs until funds have been appropriated. After receiving its annual appropriation, programs are agreed upon with recipient countries and agreements negotiated to effectuate the programs. This process usually takes several months and sometimes longer. For example, before obligations for aircraft procurement for a recipient nation can be made, that nation must be prepared to receive the aircraft. This may involve technical training for its

crews, lengthening of its runways, establishment of repair centers and similar advance work. Jet aircraft delivered to Turkey this year, for example, were paid for out of funds appropriated in 1950. These funds were at first unobligated and then unexpended, but if they had not been appropriated when they were and carried over from year to year the Turkish jet air force planned in 1950 would not have come into being.

The Administration witnesses also pointed out that a certain level of unobligated balances would be desirable in any event to give flexibility in meeting new situations.

The great bulk of unobligated and unexpended amounts are in the funds for military assistance. This is the so-called pipeline created by time-consuming programing, contract negotiations, and long-lead items. For such complicated equipment as tanks, airplanes, and radar equipment, this production lead time runs as long as 2 or 3 years.

The Indochina situation, which required a considerable amount of transferring and reprograming during fiscal 1954, has also contributed to the amount of unobligated balances.

The chart on page 13 shows that expenditures are continuing to rise steadily while obligations are leveling off.

Particular attention is called to the inset which illustrates the fact that expenditures during 1953 far exceeded obligations, as more contracts became payable and fewer new contracts were let. This trend is expected to continue even stronger during 1954-55. The result is a shrinking of the unexpended balances. It will be noted that on June 30, 1953, the unexpended balances were \$10,061,100,000; on June 30, 1954, \$9,749,500,000; and on June 30, 1955, they will be an estimated \$7,360,800,000. As new appropriations and obligations are reduced, the pipeline in future years will become progressively less.

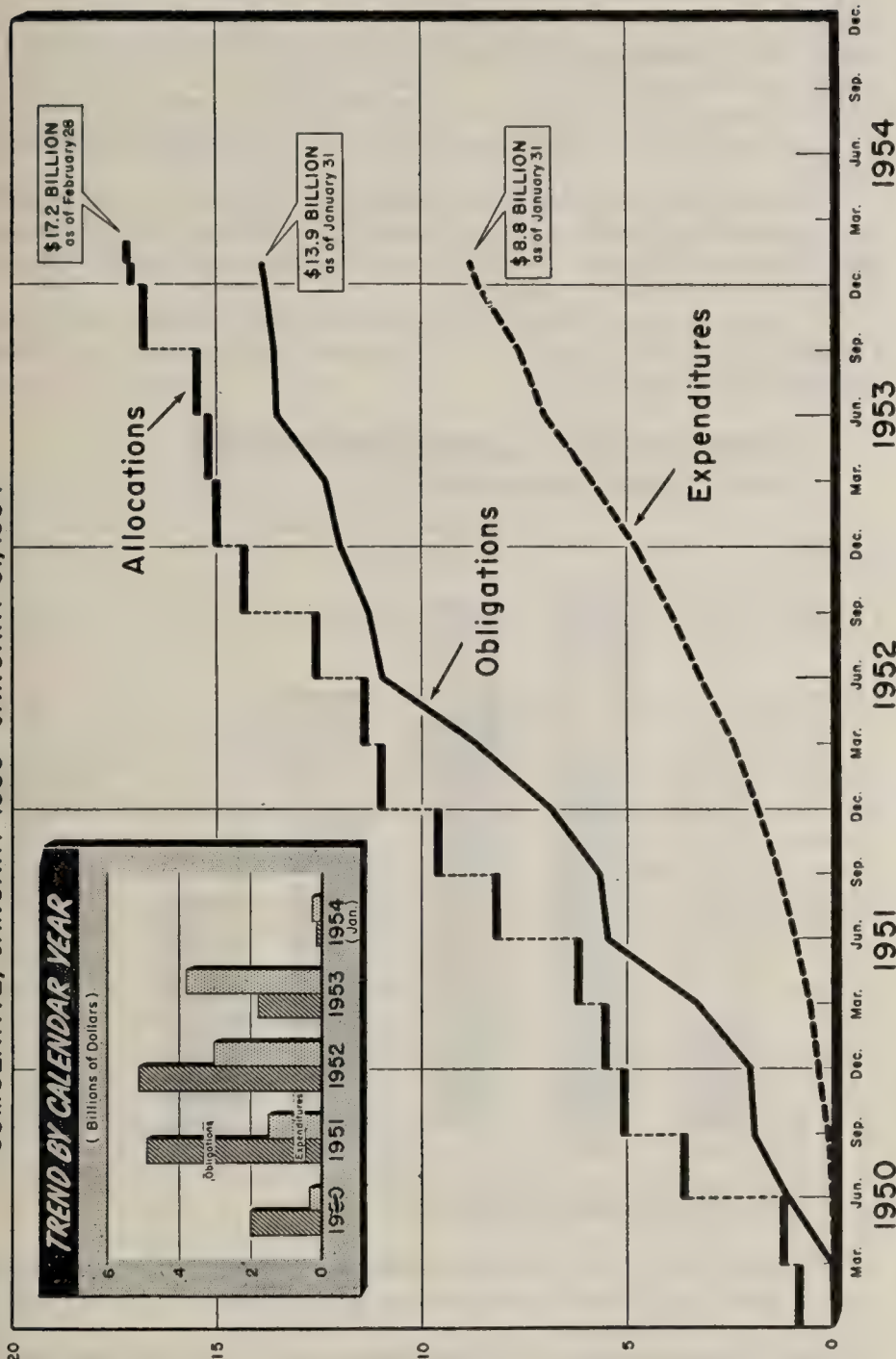
The committee felt, nevertheless, that a certain amount of water could be squeezed out of the unobligated balances and the requested new authorizations, taken together. After careful consideration of the varied factors involved, it reduced the total of new authorizations for which appropriations will be sought at this session of Congress from 3.4 to 3.1 billion dollars. The Committee does not believe either the unobligated balances or the new money can prudently be reduced further.

MILITARY ASSISTANCE PROGRAM

FUNDS FOR DIRECT MILITARY ASSISTANCE

CUMULATIVE, JANUARY 1950 - JANUARY 31, 1954

Billions of Dollars



Allocated to Department of Defense

FOREIGN OPERATIONS ADMINISTRATION
May 18, 1954

6. CURTAILMENT OF PROGRAM

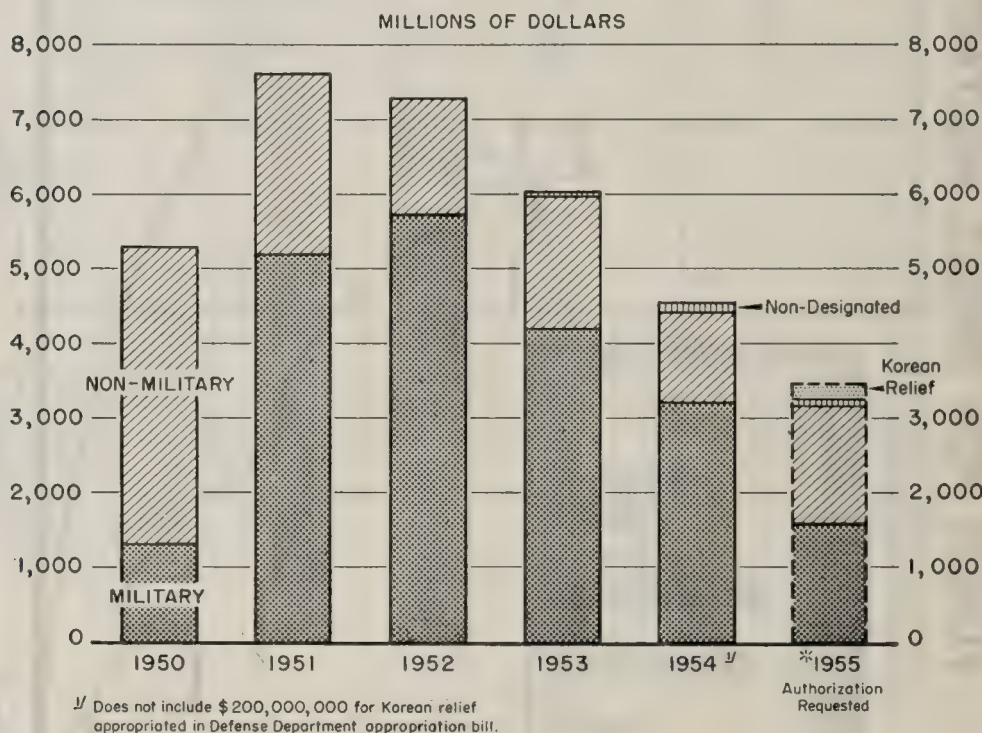
The total amount requested by the administration this year is the least of any year since the military-assistance program began in fiscal 1950, and is considerably less than half of the peak year of 1951 when appropriations reached \$7.6 billion. Since then, there has been a steady decline to \$7.3 billion in 1952, \$6 billion in 1953, and \$4.5 billion in 1954, with \$3.4 billion requested and \$3.1 billion authorized for 1955.

This decrease is a result of very sharp reductions in both the military- and nonmilitary-assistance programs for Europe, which more than offset abrupt increases in all types of assistance outside Europe, and particularly in the Far East.

The table on page 16 and the graph on page 15 show the conflicting trends of the components of foreign-aid appropriations within the steadily decreasing total.

FOREIGN AID APPROPRIATIONS

FISCAL YEARS 1950 - 1955*



In 1951, when the total appropriations were the largest, assistance of all kinds to Europe amounted to \$6.8 billion, or 89 percent of the total of \$7.6 billion.

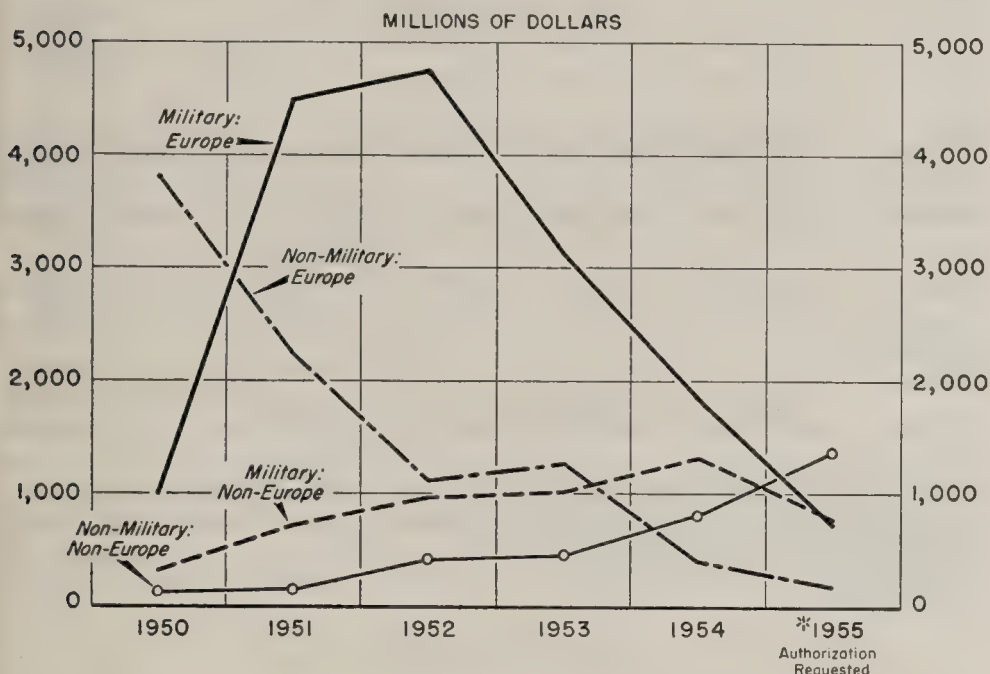
In 1952, the amount for Europe decreased to \$5.9 billion, or 81 percent of the total of \$7.3 billion.

In 1953, European aid was \$4.4 billion, or 73 percent of the total of \$6 billion.

In 1954, it dropped sharply to \$2.3 billion, or 51 percent of the total of \$4.5 billion.

MILITARY AND NON-MILITARY FOREIGN AID

FISCAL YEARS 1950-1955*



And, in the administration proposal for 1955, it is down to \$900 million, or 26 percent of the total of \$3.4 billion.

Meanwhile, the combined total of military and nonmilitary assistance for non-European areas has shown increases, both relatively and absolutely.

Whereas in 1951, this non-European assistance amounted to only \$868 million, or 11 percent of the total, in 1952 it increased to \$1.4 billion (19 percent), in 1953 to \$1.6 billion (27 percent), and in 1954 to \$2.1 billion (49 percent).

In 1955, according to the administration request, it will come to \$2.1 billion, or 63 percent of the total of \$3.4 billion.

Thus, since 1951, while the total program has decreased by more than half, the amount of non-European assistance has more than doubled.

These changes in the size and characteristics of the program are, of course, reflections of changes which have occurred over the same period in world conditions. As the strength of Western Europe has increased, thereby decreasing the necessity for American assistance, the anti-Communist position in Asia has deteriorated, thereby increasing the need for outside aid.

At the same time, the NATO buildup has been shifted from a short- to a long-term basis. Purely economic aid has been virtually eliminated except for a few moderate programs of economic development, of which the one in India is the largest.

Summary table: Foreign aid appropriations,¹ fiscal years 1950-54, and proposed foreign aid authorizations for fiscal 1955

	Appropriations, fiscal year—					Authoriza- tion re- quested, 1955
	1950	1951	1952	1953	1954	
Military:						
Europe.....	² \$1,000,000,000	² \$4,504,000,000	² \$4,774,376,186	\$3,128,224,750	\$1,860,000,000	\$725,200,000
Non-Europe.....	314,010,000	718,500,000	969,650,000	1,091,609,750	1,320,000,000	777,800,000
Other.....					50,000,000	77,000,000
Subtotal.....	1,314,010,000	5,222,500,000	5,744,026,186	4,219,834,500	3,230,000,000	1,580,000,000
Nonmilitary:						
Europe.....	3,823,380,000	2,250,000,000	³ 1,122,000,000	1,282,433,000	390,000,000	172,500,000
Non-Europe.....	130,751,600	149,350,000	418,401,519	472,014,250	813,412,501	1,365,900,000
Subtotal.....	3,954,131,600	2,399,350,000	1,540,401,519	1,754,447,250	1,203,412,501	1,538,400,000
Other nondesignated.....				27,666,000	98,104,499	88,500,000
Korean relief.....					⁴ 200,000,000	241,300,000
Total.....	5,268,141,600	7,621,850,000	7,284,427,705	6,001,947,750	4,531,517,000	3,448,200,000

¹ Does not include International Children's Emergency Fund contributions for fiscal years 1950-52.

² For purposes of comparison, the \$500 million of forward contracts authorized in 1950 MDA legislation, has been included in the 1950 MDA appropriation, although the funds were actually appropriated in fiscal year 1951 (\$455,523,729) and fiscal year 1952 (\$44,476,271).

³ Includes \$100 million appropriated for Spain.

⁴ Appropriated in Defense Department appropriation bill and not included in total shown here for purposes of comparison.

7. KINDS OF AID PROVIDED

a. Definitions and distinctions

The bill encompasses a wide variety of types of aid. The earlier classification into military, economic, and technical assistance has been gradually fragmented into more detailed description of the type of aid. The executive branch has justified this process on the basis of desiring specific legislative authority for all its activities under the Mutual Security Act of 1951, as amended.

Inasmuch as the authorization and appropriations schedule in this bill differs considerably from that of last year, a brief description of the types of aid is set forth here for the guidance of the Senate.

Military assistance.—This is assistance primarily in the form of military end-items and training and is administered by the Department of Defense. It also includes: "facilities assistance" which consists of such activities as supplying machine tools for the rehabilitation or equipment of armaments plants in Europe; contributions to "infrastructure," which is assistance in the building of airfields, depots, etc.; contributions to SHAPE and other NATO military groups; administration of the military program; and "development of weapons of advanced design," which finances the development of special weapons abroad.

Direct forces support.—This amounts to another form of military assistance. It provides to military forces "common-use items," such as clothing, rations, petroleum products, and medical supplies that can be used by both civilians and the military. It also finances the manufacture of military aircraft in the United Kingdom and the support of forces in southeast Asia and the western Pacific.

Defense support.—This form of aid can be called indirect military assistance, in that it contributes to the maintenance of military forces by shoring up our allies' economies to the point where they can afford

the necessary size military establishment. This is now required only in the case of a few countries. This type of aid is akin to the former economic assistance given under the ECA Act of 1948, as amended, but differs from it in its objective of military strength rather than economic recovery.

Relief and rehabilitation.—The new heading "defense support" covers old programs for relief and rehabilitation in Korea.

Development assistance.—This term covers economic aid given for development purposes. It includes last year's "special regional economic assistance." The program is designed to promote conditions of stability and to supplement technical assistance programs with commodities, supplies, and funds.

Technical cooperation.—This familiar term now covers only the exchange of knowledge, experience, techniques, and skills, on a bilateral or multilateral basis with the use of equipment and commodities limited to demonstration purposes.

Other programs.—This is a catchall title that covers items not suitable for inclusion elsewhere. All are programs previously approved such as contributions for the United Nations Children's Fund, the Intergovernmental Committee for Migrants, ocean freight on relief supplies, Battle Act administrative expenses, NATO civilian headquarters, administration, and the U. N. Refugee Emergency Fund.

The committee hopes that the executive branch will maintain the present terminology for these forms of assistance. It has experienced great difficulties in the past in comparing programs from year to year because of the everchanging names of assistance, the nature of which has remained essentially the same for a number of years.

b. Distribution by area and country

Authorizations and appropriations for the various types of United States foreign assistance have always been made by general categories and by broad geographic areas.

As between categories and areas, the President has been given limited powers of transferability. But, as a rule, funds within areas and categories have rarely been earmarked, either for specific functions or specific countries. This general pattern is continued in this bill, though the breakdown of authorizations this year is somewhat more detailed than usual.

The figures of aid for individual countries and the components of that aid within each country are presented to the Congress on an illustrative basis—that is, on the basis of how the executive branch, at the moment of presentation, would propose spending the money if it were made available in full. There have been no provisions of law—and the committee recognizes that there can be none—requiring the executive branch to follow these illustrative programs in minute detail.

For one thing, Congress has rarely appropriated the full amount requested, and this in itself requires revision of the programs. For another, the country programs, particularly those dealing with military end-items with long production lead times, are made up months—in some cases, years—in advance. Unforeseeable contingencies arise in various countries which make inflexible programing not only impractical but highly undesirable.

Nevertheless, the committee emphasizes that it does not regard the illustrative programs submitted to it as mere exercises in whimsy

to be discarded as soon as the bill is passed. The committee expects that it—or the appropriate subcommittee—will be consulted if circumstances make it desirable to depart in substantial degree from the illustrative programs.

The committee has in the past supported the principle of flexibility in administration, and it continues to do so; but, except in the most pressing circumstances, it does not expect administration to be so flexible as to change the basic characteristics of a country program as submitted to Congress—as, for example, from a program of technical assistance to one of economic development.

II. EUROPE

The total amount requested to be authorized for Europe was \$897.7 million, distributed by function as follows:

Military assistance	\$725, 200, 000
Direct forces support	95, 000, 000
Defense support	77, 500, 000

These authorizations are scattered through six sections of the bill which contain authorizations for other areas as well. The totals have been reduced by approximately 10.5 percent. The item for European defense support has been specifically cut to \$71 million.

A. *Situation in the area*

The United States is concerned with the situation in the European area because the economic, military, and political strength of free Europe is essential to the security of the United States. Economic, military, or political weakness in free Europe is an invitation to Communist penetration or military attack. Europe in the hands of communism or neutral in the struggle between freedom and totalitarianism would endanger the survival of individual liberty in the Americas.

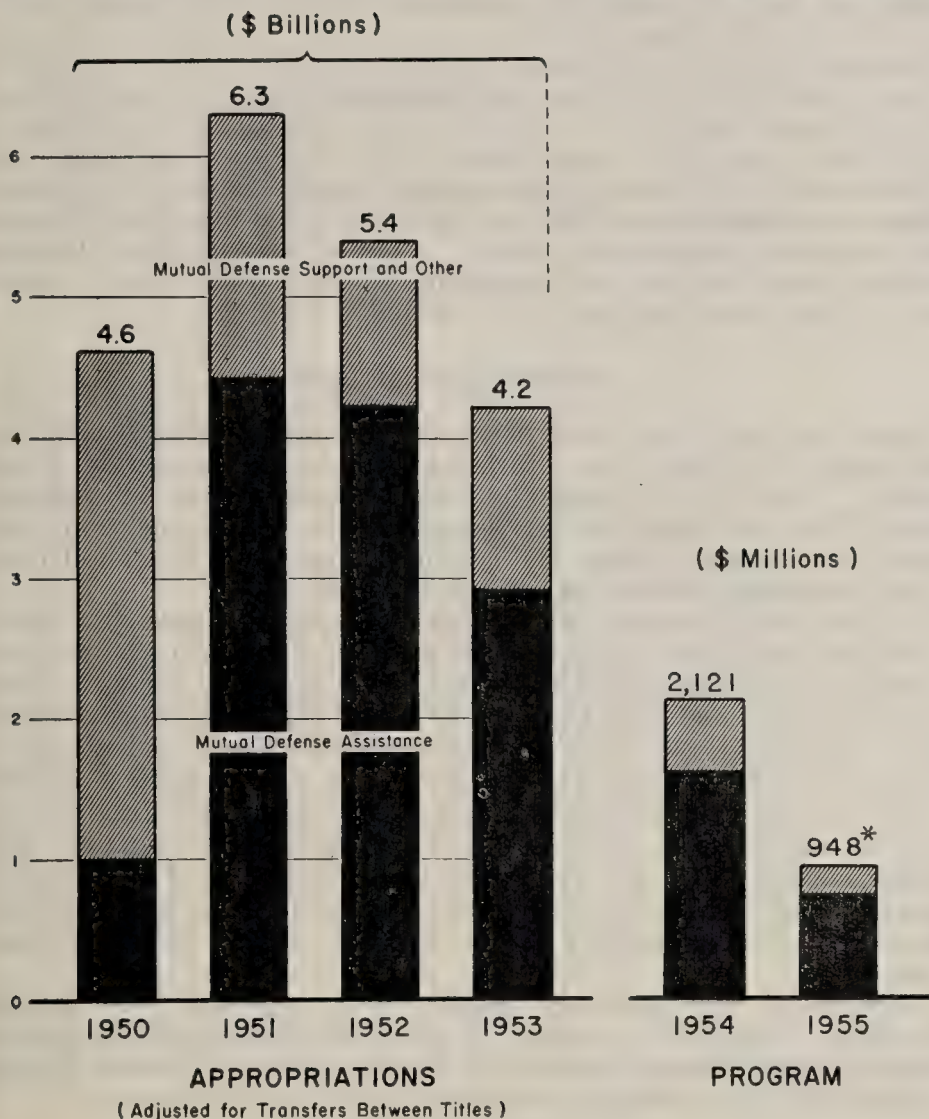
This is the fundamental premise that underlies United States assistance to Europe—that if freedom perishes in continental Europe, the American stronghold of freedom is seriously threatened.

During the past year the economic and military strength of Europe has increased. Politically, however, a stalemate has developed. Unless this political stalemate, which revolves around the proposal for the creation of the European Defense Community (EDC), is settled, it will inevitably have an adverse effect on the economic and military strength of Europe. Before examining the political instability which threatens the program, it may be well to examine briefly the current military and economic situation in Europe.

8. THE MILITARY SITUATION

In 1949 when the first \$1 billion was authorized for military assistance to the North Atlantic Treaty countries, Europe stood virtually defenseless as a result of concentration on postwar economic recovery and the hope that the Soviet Union would not pose a military threat to free nations. The United States had largely disbanded its military forces. It was reliably estimated that the Soviet Army could move over Western Europe to the Atlantic in 60 days. Only United States atomic superiority stood between the Soviet Union and Western Europe.

EUROPE-TOTAL PROGRAM



U S. Fiscal Years

*Includes \$50 million loan to Coal and Steel Community financed from 1954 funds and dropped from 1955 program.

Under the leadership of General Eisenhower, General Ridgway, and General Gruenther, the North Atlantic Treaty nations have now cooperatively built a defense force which has a reasonable chance of defending Europe from attack. The Soviet Union could not now, in the words of the Defense Department, "launch an all-out attack without noticeable advance preparation * * *."

Since the full-scale inception of the military assistance program in 1950, appropriations totaling \$15.3 billion have been provided for military assistance to Western Europe. These funds, in combination with those put forward by the other NATO countries, have led to

the expansion of NATO's ground forces severalfold and of NATO's air forces by two and one-half times. Naval strength has been greatly increased. The military productive capacity of the NATO nations has been substantially expanded. Their defense expenditures have doubled over those of 1951.

Information given the committee by the Department of Defense indicates that "NATO Europe alone presently provides manpower for over 90 percent of NATO's ground forces, for about 75 percent of NATO's air forces, plus a good share of NATO's naval strength. In addition our NATO allies have produced approximately \$8 billion of military equipment since 1950 and have expended over \$35 billion in their collective rearmament effort." The Department of Defense concludes that "the loss of these allies would require vastly greater effort by the United States to go it alone."

9. ECONOMIC CONDITIONS

During the early postwar years, the nations of Western Europe were required to bend their efforts toward the reconstruction of war damage. The United States by the European recovery program assisted Western Europe in this reconstruction. When the productive capacity of Western Europe had reached its prewar levels, the United States ended the economic assistance program.

By that time, however, it had become apparent that the Soviet Union was seeking to impose its economic and political system upon as much of the world as possible as rapidly as possible. It was willing to use force to achieve the Communist aim if that should prove necessary. Although the economic reconstruction of Europe had effectively prevented Soviet economic penetration and domination, a healthy Europe was not enough to stand off a Soviet Union which might, if its rulers so desired, use military force to achieve its ends. It thus became necessary for the free world to devote some of its economic capacity to the production of weapons for defense and to the maintenance of defensive military forces because of the Soviet military threat.

Fortunately, this economic capacity in Europe has been steadily increasing. The table on page 21 gives the picture of the way in which the gross national product of the free states of Western Europe has gradually risen despite decreasing American assistance.

[In terms of United States fiscal years]

¹ Not available.

SPECIAL NOTE.—Precise comparisons of the levels of gross national product between the European countries and the United States are not possible. The conversion into dollars has been made on the basis of official foreign exchange rates, and the purchasing power of the dollar is appreciably higher in most European countries than in the United States. Intra-European comparisons of the converted dollar figures are subject to similar limitations. Adjustments to make the figures truly comparable cannot now be made.

SPECIAL NOTE.—Precise comparisons of the levels of gross national product between the European countries and the United States are not possible. The conversion into dollars

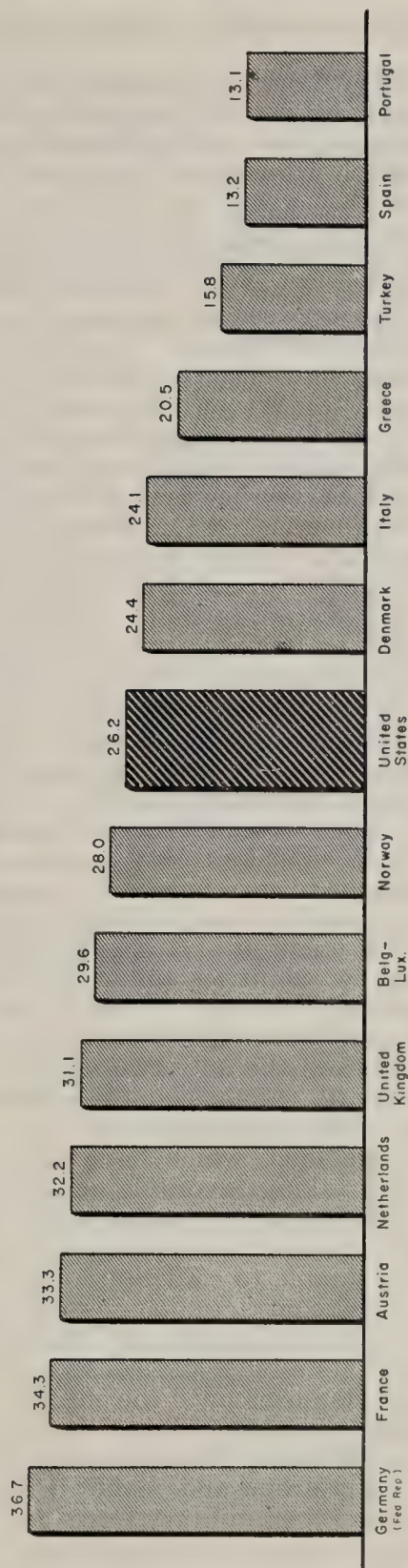
The defense situation of Western Europe has now sufficiently improved so that Europeans should be able to devote increasing attention to economic matters without fear that they will be destroyed overnight by force from the Soviet Union.

There must be constant attention, however, to the relationship which defense expenditures in Western Europe bear to the civilian share of those countries' national production. There was a period in late 1952 and early 1953 when it was realized that defense goals had been set so high as to endanger some European economies. As this became apparent, there was a shift in the nature of the joint defense program. Instead of planning an all-out buildup on the theory that attack might be expected at a given date in the future, there was concentration on the so-called longhaul—a spreading of defense expenditures over a longer period of time so that those expenditures would not endanger the very economies on which defense itself must depend. It was realized that the Soviet threat might be expected to continue over a long period of years and that defense expenditures would need to be kept at a high level, but not at a level so high as to weaken the European economy to the point where the Communists might obtain by subversion and penetration what they were unable to claim by military means.

One effect of this shift in emphasis was the reduction of the size of the United States program of economic assistance and a shift in the purpose for that assistance. Meanwhile, the efforts of the European nations remain at a high level. The chart on page 23 shows that European tax levels are still high—in many cases much higher than in the United States.

TAX RECEIPTS AS A PERCENTAGE OF GNP

(All Levels of Government)



10. EUROPEAN DEFENSE COMMUNITY (SEC. 106 (b) (1))

As early as 1949, the United States Congress, in connection with providing economic aid for Europe, expressed as its policy the desirability of encouraging the unification of Europe. In 1951 a group of Members of both Houses who attended meetings in Strasbourg, France, stated:

We agree * * * with expressions of deep regret that more realistic progress has not been made toward European union, economic and political, and express the hope that the tendency may be overcome to emphasize the difficulties which stand in the way of economic and political integration, rather than the advantages that would flow from such action.

Substantial steps have been taken in the direction of developing the economic unity of Western Europe. The European Coal and Steel Community (CSC) has brought six nations together for the purpose of eliminating national barriers to trade in these basic commodities. The United States has lent \$100 million to the community. Belgium, the Netherlands, and Luxembourg have established Benelux, which eliminates trade barriers as among themselves. The European Payments Union (EPU), established with United States assistance, has facilitated intra-European trade. The Organization for European Economic Cooperation (OEEC), set up in 1948, continues to encourage European economic progress on a Europewide basis.

The military unity of Western Europe has been developed through the North Atlantic Treaty Organization and subsidiary commands.

The principal political difficulty concerns the establishment of the European Defense Community (EDC). In 1952, representatives of Belgium, France, the German Federal Republic, Italy, Luxembourg, and the Netherlands signed a treaty to create the EDC. That treaty calls for these nations to surrender to a "supranational authority" the power necessary to enable them to provide for their common defense. It provides for the creation of a European army made up of forces raised in the member countries and subject to an international command. It establishes a means by which West German military forces can be utilized in the joint defense of Europe.

France and Italy are the only two nations which have not ratified the EDC. The treaty cannot come into effect without their ratification. While no useful purpose would be served by discussing the reasons, real or imagined, which have kept the French and Italian Governments from taking favorable action on the EDC, the consequences of the stalemated EDC must be noted.

At the present time the Federal Republic of Germany is still under occupation. It is unable to contribute directly to the defense of the West. The so-called contractual agreement, the Convention on Relations With the Federal Republic of Germany, to which the United States Senate gave its advice and consent in 1952, cannot come into effect according to its terms until the entry into force of the European Defense Community treaty. Thus, failure to approve the EDC prevents Western Germany from assuming her rightful place among the free nations of Europe and makes it impossible for Germany to maintain more than token military forces for internal police purposes, despite the threat of attack from the Soviet.

It is questionable whether Western Europe can establish adequate defenses against this threat without cooperative utilization of German forces. At the same time, there is serious question as to whether

Western Europe could be defended without the cooperation of Italy and France.

The strength of Western Europe is to be found in unity, not disunity. Yet at the present time the failure of France and Italy to act on the EDC has interposed a serious block to the achievement of this unity. The tough problem which faces the United States is this. If it should develop that France and Italy are not willing to cooperate through EDC in order to make the Federal Republic of Germany a full partner in the defense of Western Europe, what concrete steps can be taken to bring Germany into the joint defense picture and at the same time not jeopardize French and Italian contributions to that defense? It is clear that the defense of Western Europe could best be developed if France and Germany were able to cooperate with each other and with the other nations of the EDC. It is equally clear that the failure or inability of either of these great nations jointly to contribute to the defense of Western Europe would seriously jeopardize that defense.

The Congress last year accepted the Richards amendment which made 50 percent of the military assistance program to Europe contingent upon the coming into effect of the EDC. That amendment was agreed to, not because it might serve as a threat to bring about the EDC, but because of the deep conviction that adequate defense of Western Europe requires the joint efforts of all of the states which signed the EDC convention as well as of the nations party to the North Atlantic Treaty.

In the same spirit the committee this year has approved language (sec. 106 (b) (1)) which makes it clear that the United States cannot continue to support military assistance to nations which have not recognized that the defense of Western Europe requires the cooperative efforts of all of the free nations of Western Europe. The language of that section is as follows:

In order to promote an integrated defense of the North Atlantic area and to support concrete measures for political federation, military integration, and economic unification in Europe, equipment and materials of the value programed and obligated for fiscal years 1954 and 1955 for nations signing the treaty constituting the European Defense Community shall, pending the coming into force of the treaty, be delivered only to such of these nations as have ratified the treaty, and have joined together in or are developing collective defense programs in a manner satisfactory to the United States as determined by the President.

The committee gave serious consideration to a more stringent provision relating to the European Defense Community; but, after consultation with the Secretary and the Under Secretary of State and after receiving the views of General Gruenther and United States Ambassador to France, Mr. Douglas Dillon, the committee concluded that it would be unwise for the Congress to go further at this time. The situation with regard to EDC and West German rearmament is an extremely delicate matter, and the President should be given a considerable amount of discretion and flexibility. The section will permit continued deliveries to those countries which have ratified the treaty and are cooperating in collective defense programs. At the same time, it emphasizes the importance which Congress attaches to EDC. It should serve to give the President support in carrying out our foreign policy without hampering his efforts.

There are other political-economic problems that plague Western European unity. The question of the control of Trieste has made it difficult to establish and maintain amicable relations between Italy

and Yugoslavia. The Saar issue constantly proves an embarrassment to Franco-German relations. East-West trade patterns and control frequently raise problems that affect United States relations with Western Europe. The point to be kept in mind, however, is that important as these matters appear to the states concerned, sight must not be lost of the overriding problem of the Soviet threat. So long as the states of Western Europe put first things first and recognize that Soviet communism threatens their existence as independent states, these other problems can be kept manageable and need not impair the defenses of the West.

B. Assistance to NATO countries

The Administration in presenting the 1955 mutual security program to the committee described its assistance to Western Europe in these terms:

This assistance takes various forms: (1) The provision of large quantities of military equipment, services, and training for these nations' forces; (2) the purchase in Europe of a portion of the equipment intended for forces in Europe, i. e., offshore procurement, which stimulates European defense production, and provides these countries with earned dollars; (3) the provision of defense support assistance with which recipient countries can obtain dollar commodities or services needed to bolster internal defense efforts; (4) the direct support of military forces through financing by the United States of the costs of particular local military projects; and (5) limited programs to improve the basic economic strength for the area.

11. MILITARY ASSISTANCE (SECS. 103 (a) AND 106 (c) (1))

Section 106 (c) (1) places a ceiling of \$617.5 million on the total new military assistance authorization for Europe. Of this amount, however, \$20 million was included in the illustrative program for facilities assistance (see p. 78), and \$597.5 million for military materiel and training. Section 104 authorizes a total appropriation for infrastructure of \$321 million over the next 4 years, and of this amount \$122.7 million is for 1955. Finally, the undistributed global total of \$1,265,300,000 authorized for military assistance in section 103 (a) includes an estimated \$5 million for a United States contribution to NATO military headquarters.

The military assistance authorization requested for Europe thus had the following components:

	<i>Million</i>
Military materiel and training (sec. 106 (c) (1))-----	\$597. 5
Infrastructure (sec. 104 (a))-----	122. 7
NATO contribution (sec. 103 (a))-----	5. 0
Total -----	725. 2

The committee approved the full authorization for infrastructure, but it made a reduction of approximately 10.5 percent in the overall authorization in section 103 (a) of which the other military assistance figures are components.

This is less than half the sum appropriated last year, i. e., \$1,860 million. It is not possible in this public report to indicate the apportionment of the requested amounts as between the NATO countries and other nations expected to receive equipment under this program. It may be said, however, that with the exception of one country, the sums to be made available to individual countries in the 1955 program have been drastically reduced in amount from the sums made available

last year. It has been possible to effect this reduction because of unobligated carryovers of funds appropriated last year and because defense forces in Western Europe are reaching the point where assistance beyond that still in the pipeline can be concentrated not so much on the supplying of initial military equipment as on its maintenance and on the training of forces in its use. The Administration in presenting its case to the committee noted that—

although over the next few years the pace of the NATO buildup will be reduced, NATO forces will continue to grow. * * * 1954 will see a 5-percent increase in ground force strength, a 15-percent increase in naval strength and about a 25-percent increase in air strength.

It is possible to continue to increase the size of these forces with reduced funds at this time because deliveries of long lead-time goods such as tanks and aircraft, ordered 2 and 3 years ago, are now underway.

12. INFRASTRUCTURE (SEC. 104)

In connection with the NATO defense buildup it has been necessary to construct facilities for the joint use of the integrated NATO forces. These facilities include such things as tactical airfields, fuel pipelines, communications networks, and electronic warning systems. The United States share of the total programs of this type through the fiscal year 1958 is to be \$780 million. More than half of this amount has already been appropriated. The pending legislation (sec. 104) authorizes the appropriation of not to exceed \$321 million which may be used for infrastructure installments prior to June 30, 1958. The Administration expects to request the actual appropriation of \$122.7 million for fiscal year 1955.

The United States gross share of the total program has been about 43 percent, but this is reduced to a net of approximately 38 percent by provisions for deduction of taxes. The bill specifically prohibits use of infrastructure funds "for the rental or purchase of land or for payment of taxes" (sec. 104 (c)).

In addition to the requested authorization of \$321 million for NATO infrastructure, the bill authorizes the use of other funds, up to \$50 million, for similar programs in other parts of the world (sec. 104 (b)). These other funds, if they are used, are to be taken from the worldwide military assistance authorization of \$1,265,300,000 made in section 103 (a) or from local currencies acquired through the sale of surplus agricultural commodities pursuant to section 402. This provision does not add to the total of the bill, and the committee thought it prudent to include such specific authority in view of the fact that development of joint defense pacts outside Europe might necessitate the use of limited sums for infrastructure-type construction.

13. DIRECT FORCES SUPPORT (SECS. 122 AND 123)

For fiscal 1954 the Administration had the use of \$170 million for direct forces support programs in Western Europe. For fiscal 1955 the Administration has requested the authorization of \$95 million for the same general purposes. Of the total, \$75 million was requested for United Kingdom aircraft production. This has been reduced to \$70 million (sec. 122). An additional \$20 million was requested as part of a global total of \$70 million for common-use items. This total has been reduced to \$64 million (sec. 123).

In the words of the Administration, "the reason behind each direct forces support program is the fact that the recipient country, even with the military equipment and training which it is receiving as military assistance, is unable to develop and maintain the size and kind of forces which are important from a standpoint of United States security without further help." This means that in certain limited types of cases, these funds will be used for the purchase of so-called common-use items. For example, one of the countries receiving military assistance might not be able to purchase clothing or gasoline or oil in sufficient amounts to take care of its domestic civilian needs and at the same time the needs of its armed forces. In Europe \$20 million of the funds requested for direct forces support were for this type of assistance; i. e., the purchase of civilian-type items for use by the armed forces (sec. 123). Yugoslavia in particular needs this kind of help.

In addition, funds requested for direct forces support would be used for the purchase in a country receiving military assistance of military equipment to be given directly to the armed forces of the country concerned. Section 122 authorizes the appropriation of \$70 million for manufacture in the United Kingdom of military aircraft required by the U. K. in defense of the North Atlantic area. This authorization will enable the United Kingdom to build aircraft for joint defense purposes, over and beyond the number of aircraft its economy would otherwise support.

There may be incidental economic benefits from assistance of this type. The Administration emphasizes, however, that the purpose of such direct forces support is not the economic betterment of the country receiving this assistance but rather to enable that country better to maintain its military defenses.

C. Assistance to non-NATO countries

Among the non-NATO countries of Europe, Spain and Yugoslavia are to receive military assistance and defense support. West Berlin is also to receive a limited amount of economic-type assistance.

14. DEFENSE SUPPORT (SECS. 131 (b) (1) AND 403)

Section 131 (b) (1) of the bill authorizes \$71 million for defense support for Europe, including approximately \$25 million for territories in which the United States participates in joint-control arrangements (Berlin, Austria, and Trieste), under section 403.

The bulk of these funds, in the words of the executive branch, "are designed to support the military efforts of certain countries which are receiving military assistance. Such support involves the provision of supplemental resources which a recipient country requires if it is to carry on a defense program of the size which United States policy regards as necessary."

The distinction between defense support and direct forces support programs for Europe is that the former has for its purpose the achievement of military objectives through the extension of limited types of economic assistance. Direct forces support, however, consists of programs which finance or provide specific supplies, equipment or

services that go directly into the hands of the military or are of immediate benefit to such forces.

These funds are somewhat similar to those provided in the past for economic assistance. Recently, however, they have served as economic underpinning for defense effort, whereas so-called economic assistance in the past has been for the purpose of enabling countries receiving assistance to shore up economies still suffering from World War II.

In fiscal year 1953, \$1,237.5 million was devoted to economic-type assistance in Europe. In fiscal 1954 the amount was reduced to \$336.8 million. The administration requested \$77.5 million for Europe for fiscal 1955 for use principally in Spain, Yugoslavia, and Berlin, and the committee authorized \$71 million.

15. SPAIN

In September 1953, three agreements between the United States and Spain were signed which provided for United States assistance to Spain and for United States air and naval base rights in Spain.

The illustrative Spanish program calls for direct military assistance for fiscal 1955 in the amount of \$73.7 million and limited additional funds for defense support.

Funds authorized for military assistance are principally for military hardware for the Spanish Army, Navy, and Air Force. Funds for training purposes are also included. Some shipments have taken place already out of the funds authorized for that type of assistance for fiscal 1954. Since the agreements were not signed until late in 1953, shipments have thus far been light. The authorization requested this year is slightly more than half the amount available last year. In the words of the executive branch:

Implementation of the appropriated military assistance is proceeding and although there has been no past program on which to base the ability of the Spanish armed forces to absorb military grant aid, it is believed that they will be fully capable of end-item utilization.

Funds authorized for defense support are more limited than those available for military items. Defense support will be used for assistance in the fields of transportation and communications as well as in other areas helpful to the military assistance program. Defense support funds will generate counterpart, a substantial portion of which will be available to defray part of the costs of the United States base construction program in Spain, which is being financed out of the defense budget.

16. YUGOSLAVIA

Military assistance, direct forces support, and defense support have been provided Yugoslavia in the past because it is important to the United States that Yugoslavia remain independent of the Soviet bloc. "An independent Yugoslavia," in the words of the executive department, "denies important assets to the Soviet bloc and reduces the Soviet threat to the security of Greece and Italy." The principal objective of United States assistance to Yugoslavia, where military assistance has been larger than economic assistance, "has been to assist in strengthening the economy of Yugoslavia in order to main-

tain the will and ability of the country to resist Soviet or Soviet-inspired aggression."

It is not consistent with national security to indicate in this report the scope of the projected assistance programs to Yugoslavia during the forthcoming year. For the years 1950 through 1954, however, more than three-quarters of a billion dollars has been programed for Yugoslavia by the United States.

The executive branch reports that United States policy in giving this assistance "has substantially succeeded" in the objective of building the defenses of that country. The armed forces of Yugoslavia have been improved in quality and slightly increased in numbers. This has been accomplished on an economic base that would invite instability were it not for United States assistance. It is estimated that for fiscal year 1955, 15.7 percent of the gross national product of Yugoslavia will be devoted to defense purposes—the highest in non-Soviet Europe.

17. BERLIN, AUSTRIA, TRIESTE (SECS. 131 (b) (1) AND 403)

Of the total defense support funds for Europe in section 131 (b) (1), \$25 million was requested for assistance to areas where the United States participates in joint control arrangements. These areas are Berlin, Austria, and Trieste. The President's authority to furnish assistance to these areas is contained in section 403.

West Berlin is a democratic outpost some 100 miles behind the Iron Curtain, and it must rely on assistance from the Federal Republic of Germany and upon limited amounts of assistance from the United States. Assistance in the amount of \$73.6 million in 1953 and \$19 million in 1954 has been well used. A moderate program of the same type is intended for next year for West Berlin.

In past years the United States has given Austria substantial amounts of economic assistance. Its staunch attachment to the freedoms of democracy, its hard work in rehabilitating an economy damaged by war and milked by Soviet occupation, has led to the point where it is anticipated that no new assistance will be required by Austria during the forthcoming year. The executive branch reports that "It does not appear that further assistance will be needed in the near future, barring adverse Soviet actions or extremely unfavorable shifts in terms of trade."

Trieste is something of a special case, and the committee thought it advisable to include authority for meeting any special situations that might arise.

18. WESTERN GERMANY (SEC. 404)

West Germany is one of the brightest pictures in Western Europe.

It is capable of maintaining substantial armed forces. Under present arrangements, such forces, except for internal police forces, cannot be raised, however, until the treaty to create the European Defense Community comes into effect. Past legislation for military assistance has contained authorization for military assistance funds for Western Germany. Pending legal authority for Western Germany to maintain armed forces, military equipment has been procured, but not delivered.

The committee feels strongly that unless steps are taken in the near future which will make German defense contributions possible

through the EDC, consideration must be given to other steps that will enable the people of Western Germany to make a fair contribution to Western European and to their own defenses.

Meanwhile, the Federal Republic of Germany is not fully sovereign, and the United States continues to have the responsibility and authority of an occupying power.

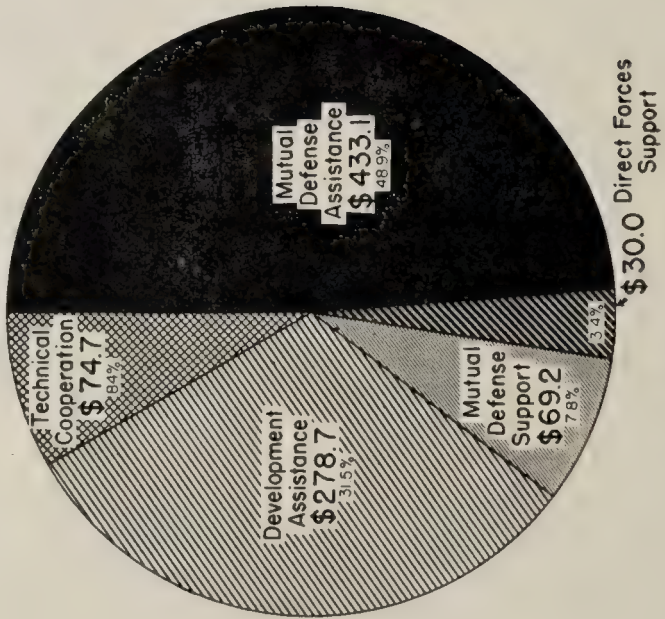
In section 404, the bill gives the United States more flexibility in the use of German counterpart funds.

There are in Germany two sets of counterpart accounts. One comes from aid which Germany received under the Marshall plan and, like other Marshall plan counterpart, is subject to joint United States-German control. The other comes from aid which was furnished Germany under the military program of Government and Relief in Occupied Areas (GARIOA) and is wholly controlled by the United States. Under a 1949 agreement with Germany, disposal of the Marshall plan counterpart is made subject to United States law, and the pending bill requires that, upon approval by the Secretary of State, counterpart in the Marshall plan account shall be transferred to the GARIOA account where it "may be used for expenses necessary to meet the responsibilities or objectives of the United States in Germany."

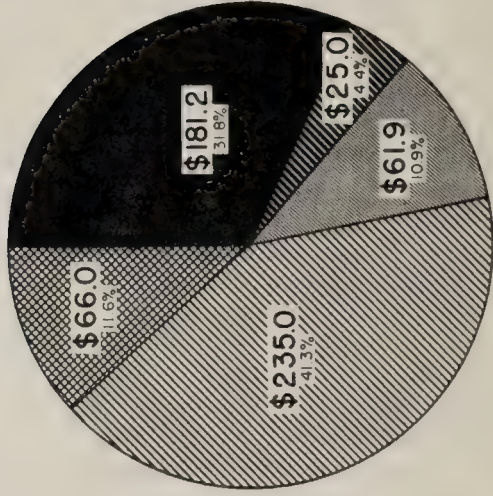
Both funds are relatively small. As of May 31, the Marshall plan counterpart was only \$5 million, while the GARIOA counterpart, as of March 31, amounted to \$59 million.

NEAR EAST, AFRICA AND SOUTH ASIA

FY1954 **FY1955**
Total Program (\$Millions)



\$885.7



\$569.1

III. NEAR EAST, SOUTH ASIA, AND AFRICA

The administration requested the following authorizations for this area:

Military assistance (sec. 106 (a) (2))	\$181, 200, 000
Direct forces support, Turkey (sec. 123)	25, 000, 000
Defense support (sec. 131 (b) (2))	81, 850, 000
Greece	\$15, 000, 000
Turkey	45, 000, 000
Pakistan	20, 000, 000
Technical exchange, Greece and Turkey	1, 850, 000
Development assistance	215, 000, 000
India (sec. 201 (a) (2))	\$85, 000, 000
Other (sec. 201 (a) (1))	130, 000, 000
Technical cooperation (sec. 304)	66, 000, 000
Total	569, 050, 000

The committee reduced the amount for defense support to \$73 million and for development assistance to \$186 million, of which \$76 million would be for India and \$115 million for other countries in the area. Other figures, except for technical cooperation, are subject to unspecified reductions as a result of cuts in overall authorizations of which they are a part.

In addition, the bill contains an authorization, for which no appropriation will be requested, of \$30 million for the Palestine refugee program (sec. 407).

Against the proposed United States contributions to the technical cooperation program, the countries of the area themselves will contribute \$255 million.

The following table shows the estimated United States and country contributions:

[Thousands of dollars]

	Host country	United States cost
Egypt	\$12, 752	\$4, 400
Ethiopia	2, 361	1, 500
Iran	21, 682	10, 000
Iraq	4, 678	2, 200
Israel		1, 400
Jordan	810	2, 200
Lebanon	1, 516	2, 500
Liberia	1, 712	1, 300
Libya	723	1, 400
Saudi Arabia	4, 656	1, 700
Afghanistan	5, 000	1, 620
India	157, 490	19, 500
Nepal	800	780
Pakistan	32, 972	6, 700
Dependent overseas territories	8, 000	5, 400
	255, 152	62, 600
Regional		1, 185
Undistributed by country		2, 215
Total		66, 000

19. SITUATION IN THE AREA

This area includes the entire continent of Africa and extends from Greece in Europe through the Middle East to India in South Asia. From Greece through India, states of the area have a common boundary of more than 4,000 miles with the Soviet Union or its satellites. The population of the area is more than 700 million. Largely under-

developed economically, it is rich in natural resources, including particularly 58 percent of the world's oil and important percentages of uranium and other strategic materials. It likewise contains important air and sea communication lanes.

The dominant political force is nationalism. This frequently takes the form of expressions of neutralism as between the United States and Russia or even of anti-Westernism. Basically, however, it is a force on the side of freedom, because it is only in an atmosphere of freedom that a people can achieve their nationalistic aspirations. The peril to the free world and to American interests lies in the efforts of the Soviet Union to pervert this feeling of nationalism into the false belief that communism offers the best or only means of nationalistic fulfillment.

The principal efforts of United States policy in the area must therefore be directed toward:

1. Helping to build the military strength which will act as a deterrent to overt aggression.

2. Helping to build the economic strength which will act as a deterrent to covert subversion through concrete, obvious demonstrations that a system of freedom offers a better avenue of progress than does a system of totalitarianism. It must further be demonstrated, as an important corollary, that a system of freedom also offers room for national differences.

On balance, the last year has seen progress toward these objectives. With the conclusion of the agreement between Turkey and Pakistan, a regional defense arrangement is nearer reality than ever before. Real progress has been made toward settlement of the Iranian oil dispute. Such a settlement, in turn, will greatly contribute to economic growth and political stability in Iran. At the same time, the true spirit of Iranian nationalism has been recaptured from efforts to pervert it into Communist channels.

These marked gains, however, have been largely offset by increased tension between Israel and the Arab States. There have been more border incidents, particularly between Israel and Jordan, and the incidents have been more serious. The Soviet Union has increased its activities in the Arab States and is blocking constructive action in the United Nations Security Council for alleviation of tensions in the area.

In such circumstances it becomes more important than ever for the United States to approach this problem on the basis of its hardheaded realistic national interest and to preserve an even-handed attitude.

There can be nothing gained by minimizing the difficulties in the way of a permanent settlement of the Arab-Israeli conflict. Popular passions are high on both sides, and the armistice is plainly beginning to deteriorate. There is a danger that a border incident, either by accident or design, may ignite the resumption of open warfare.

Such a development would be so inimical to American interests that the prevention of it must be one of the major points of United States policy. The United States position was made clear in a joint declaration with Great Britain and France May 25, 1950. In this declaration, the three Governments expressed "their unalterable opposition to the use of force or threat of force between any of the states in that area." Further, the statement declared, "the three Governments, should they find that any of these states was preparing to violate frontiers or armistice lines, would, consistently with their

obligations as members of the United Nations, immediately take action, both within and outside the United Nations, to prevent such violation."

The committee takes this opportunity to reaffirm its agreement with this policy. The committee urges the Department of State, in its dealings with both Israel and the Arab States, to stress the fundamental determination of the United States to take appropriate action to prevent the resumption of warfare by any of the nations involved.

20. GREECE AND TURKEY

Greece and Turkey will receive the bulk of the military assistance funds provided for the area. The illustrative programs for these countries also included \$86,850,000 in supporting aid.

Although included in the Near East portion of the bill, assistance to Greece and Turkey is in reality a part of the NATO buildup. Military assistance will be used to improve the equipment and fighting quality of Greek and Turkish forces already in being. As is apparent from the totals for the area, the assistance of this type proposed for fiscal 1955 is on a much-reduced basis.

Direct-forces support provided in section 123 will be used to supply the Turkish armed forces with nonmilitary items that could not otherwise be provided through the Turkish budget. These supplies are such things as tires, batteries, fuel, tarpaulins, and paint—common-use items which are needed both by the armed forces and the civilian economy.

The defense support program in Turkey will provide dollar imports for hydroelectric power development, coal mining, highways, and ports. Counterpart funds resulting from these imports will be used to help the Turkish Government meet its military budget requirements.

In Greece, the defense support funds will be used for a limited amount of imports of such commodities as sugar, wheat, meat, dry beans, and pesticides, for earthquake relief, and for specific investment projects which will increase exports and provide domestic substitutes for imports. As in Turkey, the counterpart funds resulting from this assistance will be used to help the Government finance military expenditures.

The defense support program differs from development assistance in that it is aimed directly at particular projects which will make it possible for Turkey and Greece to support their military programs.

In the absence of defense support and direct-forces support, neither the Turkish nor Greek economies would be able to support a military establishment of the size contemplated for fiscal 1955. Defense support and direct forces support are, therefore, as essential as direct military assistance to the size and effectiveness of Turkish and Greek armed forces.

21. PAKISTAN

The requested program for Pakistan totaled \$26,700,000, of which \$20 million was in defense support and \$6,700,000 in technical cooperation.

The United States last year made available to Pakistan 700,000 tons of wheat on a grant basis and 300,000 tons more on terms to be

decided. This action met the threat of immediate famine, but Pakistan continues to face serious economic problems.

It is in the interests of the United States to contribute to a solution of these problems, because a strong Pakistan would provide a badly needed stabilizing influence in a part of the world which is generally weak.

The recently concluded military-assistance agreement between Pakistan and the United States and the Pakistan-Turkish agreement are two pieces of evidence that Pakistan is willing to contribute to the collective security of the area. The contribution which Pakistan can make, especially if it can solve some of its basic internal problems, is a substantial one. It occupies a strategic position and its people are hardy and courageous.

The program of defense support to Pakistan is in reality a program of development assistance. It will emphasize projects designed to increase agricultural production and solve Pakistan's long-range food problem. Thus, in the illustrative programs, \$7,620,000, more than one-third of the total, will be devoted to irrigation and water development, including the dollar costs of equipment for dam and canal construction and maintenance. An additional \$2,355,000 will pay the foreign-exchange costs of grain-storage equipment to provide adequate facilities for storing food reserves, and \$1,500,000 will pay the dollar costs of part of the equipment of a fertilizer factory.

In the technical cooperation program, \$1,084,000 will be used to assist governmental agencies dealing directly with the farmer in programs of agricultural research, demonstration, and organization. In addition, \$787,000 will be used to complement development assistance funds in irrigation and water development, and \$690,000 will be used in agricultural workshops for training in the use and maintenance of machinery and equipment.

Other programs include training in soil and water development and conservation, forest management and a forest products laboratory, demonstration of methods of insect and plant disease control, training of health technicians and administrators, training in the operation and maintenance of locomotives, general village development, purification of the Karachi water supply, and self-help housing centers in refugee areas.

The military assistance program to Pakistan is being financed out of fiscal 1954 funds appropriated on an area-wide basis.

22. INDIA (SECS. 201 (a) (2) AND 303)

The program for India amounts to \$95,500,000. Except for Korean relief and rehabilitation, this is the largest purely nonmilitary program for any country. It is made up of \$76 million in development assistance (sec. 201 (a) (2)) and \$19.5 million in technical cooperation (sec. 303).

This compares with a total program of \$88,647,000 in fiscal 1954 and \$43,577,000 in 1953.

United States assistance to India is in support of the Indian Government's 5-year plan of economic development, which will be in its fourth year in 1955. The budget for this plan amounts to \$4.71 billion, of which \$1.98 billion was spent in the first 3 years. India itself provided \$1.81 billion, or 91 percent of these expenditures. A

part of the balance has been provided by various specialized agencies of the United Nations, the Commonwealth countries through the Colombo plan, and various private agencies.

Direct United States assistance is thus seen to be a minor fraction of the total, but in the opinion of the committee it is a critical fraction which makes a more than proportionate contribution to the success of the 5-year plan as a whole.

The question has been raised as to why the United States should assist India in this fashion, particularly in view of the "neutralist" approach of the Indian Government to the United States and the Soviet Union. In the same connection, it is sometimes suggested that the United States should demand a quid pro quo in the form of more active Indian cooperation in American efforts to build a system of free world collective security.

The committee has given a great deal of consideration to these questions and to the general problem of United States relations with India. It is the committee's considered judgment that:

1. It is in the national interest of the United States to continue assistance to India in the amount and of the type contemplated by the bill.

2. It would be self-defeating to attempt to use that assistance as a lever to force India to adopt an active pro-American foreign policy. Nothing could be better calculated to force India in the opposite direction.

In support of this judgment, the committee calls attention to these basic facts:

1. It is more in the interests of the United States for India to be neutral than to be Communist or actively pro-Soviet.

2. The differences between India and the United States are of a character on which nations can differ and still maintain friendly relations. India and the United States share a common devotion to democratic ideals and processes, and this is a force for unity greater than any divisive influences which exist.

3. It must be emphasized that India is a democratic country, politically stable and dedicated to the idea of peaceful change, which is the heart of the democratic process. The attainment of Indian independence, indeed, was one of the greatest political, peaceful changes in history.

The major threat to Indian independence is not political but economic. If Indian political progress is not matched by economic progress, the political gains will be jeopardized.

It is the object of the assistance authorized by this bill to help assure the success of the Indian economic development program and thereby strengthen the democratic structure of that country.

India is the largest free nation of the world; Communist China, with which it shares a common boundary, is the largest slave nation. The other nations of Asia, which have many of the same problems, are certain to be influenced by the course of events and economic development in India as compared to Communist China. It is in the interest of the United States to do what we appropriately can to make that contrast as favorable to freedom and as damaging to communism as possible.

The committee feels that it would be particularly unwise to end or seriously curtail assistance to India at this time in view of the adverse

reaction in India to the military assistance program for Pakistan. Such action on our part would lend credence to anti-American propaganda which pictures the United States as a militaristic nation uninterested in peaceful economic development.

Materials and commodities procured with development assistance funds will be used to assist irrigation, flood control, and hydroelectric power projects, to carry out malaria control programs, to replace and rehabilitate railroad rolling stock, to maintain output of agricultural machinery, and to increase fertilizer production.

In the technical cooperation program, amounting to \$19,500,000, the principal emphasis will be on general and community development (\$6,355,000), agriculture and natural resources (\$5,069,000), and health and sanitation (\$3,179,000). Smaller programs will be carried on in industry, mining, and labor (\$3,107,000), education (\$1,504,000), public administration (\$170,000), and transportation, communications, and power (\$116,000).

These programs are designed to increase food production through better techniques, to improve health conditions through pure water supplies and better sanitation, to expand basic and technical education through a teacher and technician training program, and to provide technical services to Indian private industry.

23. IRAN

The situation in Iran is a clear demonstration of the value of administrative flexibility in the use of foreign-aid funds and also of the provisions for transfer of funds between areas and functions. When the Mossadegh regime ended in August 1953, Iran was virtually bankrupt. The Zahedi government, which succeeded that of Mossadegh, asked the United States for assistance which was needed urgently if the government was to continue to function and if its efforts to provide sound solutions to Iran's problems were to have any chance of success.

President Eisenhower was able immediately to authorize emergency assistance of \$45 million. An additional \$6.5 million was authorized in February 1954. These funds have been used to finance the imports of essential commodities and to provide temporary budgetary support during an extremely critical period of Iran's history. The situation has greatly improved, and the oil dispute with the British has moved nearer solution. Until oil revenues actually become available, however, further needs for assistance of this type may develop. A portion of the funds in the bill for development assistance in the general area have been included with this prospect in mind.

The illustrative technical cooperation program for Iran amounts to \$10 million. This will cover projects of livestock improvement, plant production and forestry, agricultural extension, land and water use, public health administration, environmental sanitation, municipal water supplies, teacher training, transportation improvement, community development, and government services.

A relatively small program of military assistance is also included in the bill for Iran. The success of the United States-supplied Iranian Army in backing up the Shah at the time of the fall of the Mossadegh government offers yet another dramatic instance of the worthwhileness of this program. The program contemplated by the bill for fiscal 1955 will include unit equipment to meet certain Army deficiencies,

an additional small naval vessel, and maintenance support for aircraft previously programed.

24. ISRAEL

The illustrative program for Israel includes \$1,400,000 for technical cooperation plus other sums for development assistance. Both types of aid are reduced from prior years.

Israel faces economic problems as serious as those of any nation in the world. In a small country with few natural resources and limited arable land, it has had to deal with 700,000 immigrants at the same time that it has been subjected to an economic boycott and blockade by the Arab States. It produces only 50 percent of its consumption requirements and earns 15 percent of its foreign exchange requirements. The cost of living has more than doubled since 1951.

Nevertheless there have been some favorable economic developments in the last year, and it appears that in 1955 United States assistance will be required for no more than 14 percent of Israel's total imports, compared to 20 percent in 1954 and 33 percent in 1953. The counterpart funds resulting from this type of assistance finance one-third of the Israeli Government's development budget and have been used to expand irrigation, build refugee housing, improve transportation, and make loans for industry, schools, and health centers.

The 1955 program contemplates a reduction in housing and in imports of food and finished consumer goods and an increase in imports of raw materials for export industries and of other development items. The emphasis will be on programs designed to yield the most immediate results in exports and economic development.

It is estimated that half of United States assistance will be in the form of surplus agricultural commodities, one-fourth for import of petroleum products, and one-fourth for basic development materials.

The technical cooperation program will give primary attention to continuing projects already underway for increasing agricultural production. Of the total of \$1,400,000 only \$51,000 will be spent on supplies and equipment and the remainder on United States technicians, local trainees, and other local costs. Demonstration aspects of the program are being financed from prior year funds in which Israel matched the United States contribution.

25. ARAB STATES: EGYPT, JORDAN, LEBANON, SYRIA

These states together account for a substantial proportion of the development assistance authorized for this area.

Taken as a whole these states have ample resources to support their populations at a considerably higher standard of living than now prevails. They are deficient, however, in such basic prerequisites for economic development as transportation, communication, and power facilities.

Until facilities of this type are provided, the countries find it difficult to attract private investment.

Although there is much rich land in the Arab States, the rainfall is low and the land needs water to be made productive. Assistance to large-scale, long-term irrigation projects is contemplated with the funds provided in this bill.

Some of these projects can most effectively be of a regional nature. An example is the unified plan for development of the Jordan Valley which is now being considered by the states of the area.

Development of the Arab States of Egypt, Jordan, Lebanon, and Syria, which occupy strategic positions around the eastern Mediterranean, would have favorable effects in the remainder of the area through the stimulation of trade and commerce.

A number of projects are already underway financed by the local governments and by the International Bank for Reconstruction and Development. The committee believes that marginal United States assistance would be worthwhile in order to shorten timetables, particularly in view of the fact that additional economic development of these states would help solve the problem of the Arab refugees from Palestine. The committee also, however, endorses the position of the executive branch that in determining individual projects appropriate for United States assistance, considerable weight should be given to the willingness of the countries concerned to join in the solution of regional problems on a regional basis.

The start of an assistance program in Syria is dependent upon conclusion of a satisfactory bilateral agreement with that country.

26. OTHER COUNTRIES

Other programs of technical cooperation in the area amount to \$10,500,000 for seven countries—Afghanistan, Ethiopia, Iraq, Liberia, Libya, Nepal, and Saudi Arabia—and \$5,400,000 for dependent overseas territories of European powers in Africa. Small sums of development assistance are also included in some instances.

All the individual country programs are small and are directed to helping the governments concerned meet the basic problems of their people, primarily in the fields of agriculture, health, and sanitation. The work is undramatic, but highly beneficial to United States interests.

27. PALESTINE REFUGEES (SEC. 407)

The problem of the Arab refugees from Palestine, now in its sixth year, continues to plague the area.

The committee has repeatedly expressed its concern over this situation.

Eric Johnston has recently returned from his second trip to the Near East as the special representative of the President to present to the nations of that area a plan for the unified development of the water resources of the Jordan Valley, drawn up under TVA supervision for the United Nations Relief and Works Agency.

Besides the TVA survey, others have been undertaken for large-scale development projects which would provide productive employment for the refugees. Few, however, have actually been started. As a result, the \$200 million fund for a reintegration program for refugees voted by the United Nations General Assembly in 1952 has barely been touched and the approximately 875,000 refugees continue to live on the U. N. relief program which is maintained at subsistence level at the cost of about \$25 million a year.

Economic and political factors have been the major blocks to a vigorous reintegration program. The economic factors revolve mostly

around the poverty and aridity of the area and could be solved in part by the regional development of water resources proposed under the TVA plan. Thus far, political factors have prevented the acceptance of this plan by the nations concerned. The committee cannot express too strongly its deep concern over the political tensions in the Near East, and its conviction that the problem is one for the United Nations. The United States should continue to cooperate with the U. N. in seeking a solution even though some years may be required to find it.

For fiscal years 1952-54 Congress appropriated and reappropriated \$110,063,250 for the relief and reintegration program. The Administration estimates that \$29,063,250 remains unobligated as of July 1, 1954, and requests its reappropriation. An additional authorization of \$30 million is contained in this bill, for which no appropriations will be requested at this time. Administration witnesses testified that this amount will be needed only in the event that a number of projects now on paper are agreed to and put into operation. The same type of "standby" authorization for the same amount was granted by the Congress last year and never used. The committee recommends that this authorization be granted. The following table shows the amounts appropriated in previous years and their obligation and distribution:

UNITED NATIONS RELIEF AND WORKS AGENCY FOR PALESTINE REFUGEES IN THE
NEAR EAST

Comparative summary of United States contributions

	Fiscal year 1952	Fiscal year 1953	Fiscal year 1954	Proposed fiscal year 1955
Amounts available:				
United States appropriation.....	\$50,000,000	\$60,063,250		
Unobligated balance reappropriated.....			\$44,063,250	\$29,063,250
Total.....	50,000,000	60,063,250	44,063,250	29,063,250
Program obligations:				
Relief program.....	18,000,000	16,000,000	15,000,000	¹ 12,000,000
Reintegration program.....	32,000,000			17,063,250
Total.....	50,000,000	16,000,000	15,000,000	29,063,250
Unobligated balance.....		44,063,250	29,063,250	
New authorization (only) requested fiscal year 1955.....				30,000,000

¹ This amount is based on the tentative \$18 million UNRWA relief budget for fiscal year 1955 approved by the U. N. General Assembly in November 1953. This action is subject to review by the next session of the General Assembly.

IV. FAR EAST AND PACIFIC

The administration requested the following authorizations for this area:

Military assistance (sec. 106 (c) (3)).....	\$583,600,000
Direct forces support.....	825,000,000
Indochina and Southeast Asia (sec. 121).....	\$800,000,000
Common-use items, Formosa (sec. 123).....	25,000,000
Defense support (sec. 131 (b) (3)).....	96,430,000
Relief and rehabilitation, Korea.....	241,300,000
United States program (sec. 132 (a)).....	230,000,000
Contribution to U. N. program (sec. 132 (c)).....	11,300,000
Technical cooperation (sec. 304).....	22,570,000
Total.....	1,768,900,000

The committee reduced the authorization for direct forces support in Indochina and Southeast Asia to \$712 million and that for defense support to \$86,230,000. Korean relief and rehabilitation was cut to \$208,452,615 (\$205 million for the U. S. program and \$3,452,615 for the U. N. program). Other figures, except for technical cooperation, are subject to unspecified reductions as a result of cuts in overall authorizations of which they are a part. Thus, the total for this area has been reduced to a ceiling of \$1,627,854,615.

This is slightly more than half of the total in the bill. For fiscal 1954, the Far East and Pacific portion amounted to \$2,044 million, or roughly 38 percent of the global program of \$5,336 million.

28. SITUATION IN THE AREA

Recent developments in Indochina and the large-scale successes of the Viet Minh against the forces of the Associated States and the French Union have created an extremely difficult situation for American policy in all of southeast Asia. This region is a tempting prize for international communism; and the capacity of local Communist groups, aided by weapons from Communist China, to expand their operations against duly constituted government, underscores grimly the difficulties confronting the free world.

Nevertheless, the basic problem of defending the area from further encroachment by the forces of international communism remains the same. Current happenings only serve as a warning to us to redouble our efforts to create such a bulwark as will unite the people themselves in its defense. Without their voluntary cooperation in the defense of their liberties, other efforts must go for naught.

Most of the newly independent nations in the Far East—choice targets for the Communist technique of subversion, dissidence, and revolt—have not yet acquired such stability as would facilitate their dealing with this new menace in addition to staggering social, economic, political, and military problems. The solution of these problems must be the touchstone of any realistic policy which seeks to preserve the free world from its enemies.

The principal objectives of the United States are to assist the free countries to acquire the will and ability to resist communism from within and without; to help develop sufficient military power to maintain internal security and to discourage Communist aggression; to further the efforts of the national governments to raise what is usually a bare subsistence standard of living; and to assist in creating sound, stable economies under independent, representative governments.

Without outside help, such goals are not attainable.

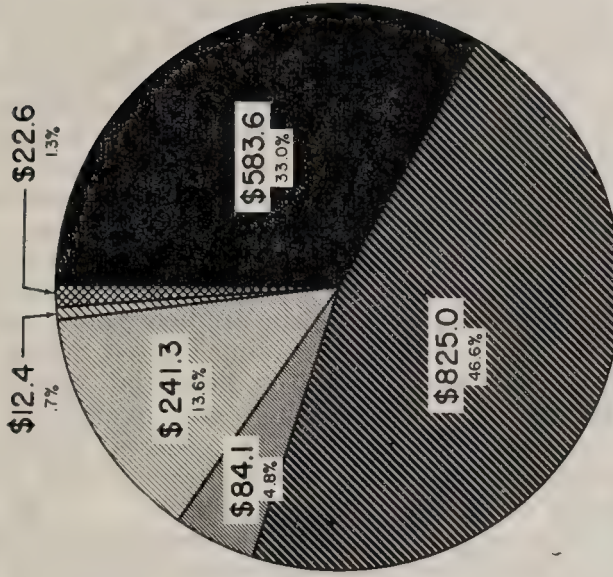
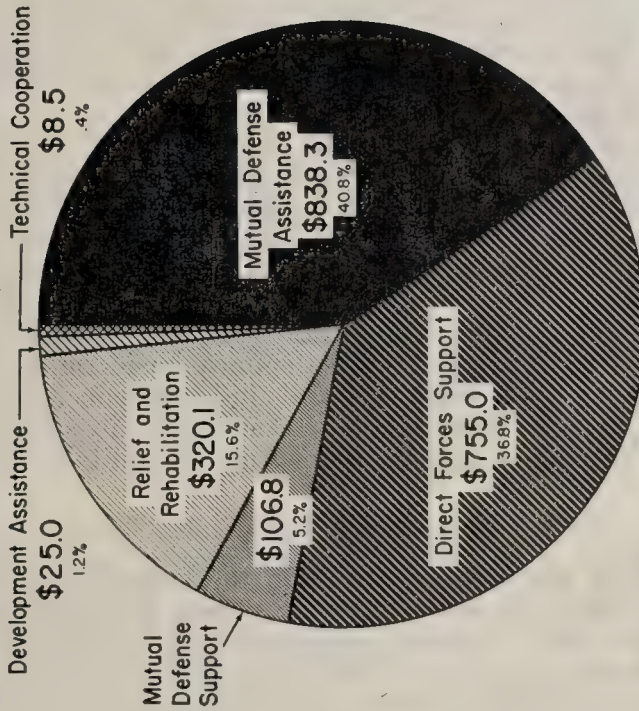
On the other hand, in offering the military and economic assistance which these newly independent nations require, we face a further complicating factor. Because of our association with and support for the traditional colonial powers of Western Europe, there is a tendency to view with distrust and suspicion any gesture which might be construed as an attempt to reassert foreign domination. Soviet propaganda has not failed to stimulate these feelings.

FAR EAST AND PACIFIC-TOTAL PROGRAM

(\$Millions)

F.Y. 1954

F.Y. 1955



\$2,043.8^{2/}

\$1,768.9

^{2/} Components exceed this total by \$10 million, as a result of a decrease in prior year Burma technical cooperation obligations.

29. MILITARY ASSISTANCE (SEC. 106 (c) (3))

The requested authorization for military assistance for the Far East and Pacific area during fiscal 1955 was \$583.6 million. The nations which have previously participated in the program and for which further aid is requested during the forthcoming year are Indochina, the Philippines, Formosa, and Thailand. A military assistance program is now being started for Japan. Because all military assistance for Korea except training is still being financed from funds appropriated for the Defense Department, no provision is made for Korean military aid in this bill. Specific figures on military assistance cannot be given for each country because of security reasons.

The sudden increase of Communist-sustained Viet Minh pressure in Indochina threatens the entire Pacific area. There is no reason to believe that such pressure will not be applied wherever local conditions are favorable. The countries receiving United States military assistance possess a military manpower potential which, under proper direction and with proper training, can overcome the menace of Communist aggression. Left to themselves, these countries can neither establish nor maintain the military forces and the modern weapons needed to defend their homeland.

From the beginning of the military assistance programs in 1949, until the end of fiscal year 1954, more than \$2¼ billion in materiel had been programmed for the Far East, of which more than 50 percent had been shipped. A considerable portion of this has been absorbed in Indochina. Military assistance has permitted the duly constituted Government of the Philippines to restrain and largely eradicate the activities of the Communist-controlled Huk movement. It has also created a military strong point on Formosa, which serves as a constant deterrent to the forces of Communist China on the mainland, and as a rallying point for free Chinese everywhere.

A greater degree of unity among the nations of the area is needed if our assistance is to be of maximum effectiveness. Section 106 (b) (3) requires military, direct forces support and other assistance to be furnished in a way to "give the fullest assistance to the free peoples in that area, in their creation of a joint organization, consistent with the Charter of the United Nations, to establish a program of self-help and mutual cooperation designed to develop their economic and social well-being, to safeguard basic rights and liberties, and to protect their security and independence." Congressional support for such an organization is reaffirmed in section 101. It is recognized that the organization need not be military.

30. INDOCHINA (SEC. 121)

Of the entire aid program for 1955 the largest single amount contemplated is that for Indochina for which a total authorization of \$1,133 million was requested—approximately one-third of the entire mutual security program. The committee reduced the requested authorization for direct forces support from \$800 million to \$712 million. In the illustrative programs for Indochina, military assistance amounted to \$308 million, defense support to \$21.5 million, and technical cooperation to \$3.5 million. The military assistance and defense support figures will be subject to some reduction as a result of

cuts the committee made in global authorizations for these programs. In view of the uncertain and fluid conditions in that area, the fund of \$712 million has been made available for use to meet United States objectives, not only in the Associated States, but elsewhere in the western Pacific and southeast Asia area, if necessary. Because of the extreme sensitiveness of some of the States of this area, the President is authorized, where he finds it necessary in the national interest, to waive specific provisions otherwise required in bilateral agreement (sec. 121). The appropriate committees of Congress are to be notified in these cases.

The same section, however, contains a prohibition against the use of any of this \$712 million fund—

in behalf of governments which are committed by treaty to maintain Communist rule over any defined territory of Asia.

It is beyond question that Indochina would have fallen to the Communist forces some time ago if it had not been for the assistance that went to the French and to the Associated States under our military assistance program. The dangers that now exist are not to be met by withdrawal, but by firmly pressing on with a policy of collective security.

The committee has given much reflection to the uncertainties latent in the Indochina program. It has concluded that the United States must remain in a position to support those forces resisting Communist aggression in southeast Asia. It would seem to be unwise not to have available for immediate use adequate sums to build up those forces against the gathering threat of Communist aggression in that region. Millions of people who reside within a 600-mile radius of Communist China will not turn Communist if we give them faith, if we strengthen them militarily and economically, and if we give them a basis for believing in our support. A cease-fire or other settlement of the present fighting might make this support even more important.

Funds requested for defense support are for improvement of transportation facilities needed by the military, including the construction and repair of strategic highways, harbors, and airfields, and for support of relief and rehabilitation activities. Technical cooperation funds (\$3.5 million) are principally to continue projects in agriculture, health and sanitation, education, industry and public administration. Emphasis on fertilizer distribution, hospital equipment and water system development has been reduced, with greater attention to rural health centers, first-aid stations, technical and industrial training, and the like.

31. KOREA (SEC. 132)

The bill authorizes a total of \$208,452,615 for Korea—\$205 million for the United States program of relief and rehabilitation and \$3,452,615 for a United States contribution to the United Nations Korean Reconstruction Agency. (Military assistance is provided through Defense Department appropriations.)

The economic assistance program for Korea represents a coordinated effort on the part of the Government of the Republic of Korea, the United States Government, and the United Nations. The program is administered in Korea as a joint effort by a Combined Economic Board on which the Korean representative is the Prime Minister of

Korea, and the United States representative is the Economic Coordinator for Korea. It is the responsibility of the Economic Coordinator to insure that the total program financed from whatever source, is integrated, sound, and avoids procurement duplications.

The fiscal 1955 program will include:

(a) Increased agricultural production through irrigation construction, fisheries rehabilitation, increased fertilizer imports, and agricultural extension activities.

(b) Continued rehabilitation of destroyed textile mills and new plant construction to produce such items as cement, paper, and fertilizer, which must now be imported. Coal and metal mine development will be stressed in order to decrease imports of coal and increase exports of valuable minerals, such as tungsten, which currently is a major contributor to the country's foreign exchange earnings.

(c) Continued rehabilitation and expansion of existing power facilities needed to provide firm power capacity for expanding industrial production, including fertilizer.

Funds are likewise programed for rehabilitation of the railway system including construction of spurs and vital links now missing, as well as for port and harbor improvements, the repair of bridges, and the purchase of coastal cargo vessels. The present bill authorizes the President, within 24 months from the date of its enactment, to transfer to the Republic of Korea on conditions specified by him, not more than 8 CI-M-AVI vessels, such transfers to be made at prices determined under section 3 of the Merchant Ship Sales Act of 1946 (50 U. S. C., app. 1736). These vessels average 3,800 tons each, and have a statutory sales price of \$693,862 per ship. Funds made available under section 132 (a) of the bill are available for this transfer. The ships in question are to be operated only in east Asian waters.

The United Nations Korean Reconstruction Agency (UNKRA) was established by the General Assembly of the United Nations in December, 1950—

to assist the Korean people to relieve the sufferings and to repair the devastation caused by aggression.

The United States representatives in the General Assembly have pledged, subject to the approval of the Congress, \$162.5 million as the United States share (65 percent) of the initial \$250 million target budget of UNKRA. As of March 19, 1954, the United States had contributed a total of \$65,750,000 of its pledge as compared with \$36,862,671 contributed by the 32 other member governments.

The status of pledges and payments in the UNKRA program, as of April 30, 1954, is illustrated by the following table:

Country	Pledge	Total received	Balance outstanding
Argentina.....	\$500,000	\$500,000	-----
Australia.....	4,002,710	2,450,733	\$1,551,977
Belgium.....	200,000	200,000	-----
Burma.....	49,934	49,934	-----
Canada.....	6,904,762	6,904,762	-----
Chile.....	250,000	-----	250,000
Denmark.....	860,000	289,555	570,445
Dominican Republic.....	10,000	-----	10,000
Egypt.....	28,716	-----	28,716
El Salvador.....	500	500	-----
Ethiopia.....	40,000	40,000	-----
France.....	142,857	142,857	-----
Greece.....	9,333	9,333	-----
Honduras.....	2,500	2,500	-----
Indonesia.....	100,000	100,000	-----
Israel.....	33,600	33,600	-----
Lebanon.....	50,000	50,000	-----
Liberia.....	15,000	15,000	-----
Luxembourg.....	40,000	40,000	-----
Netherlands.....	526,316	526,316	-----
New Zealand.....	557,900	274,989	282,911
Norway.....	1,725,323	1,725,323	-----
Panama.....	3,000	-----	3,000
Paraguay.....	10,000	10,000	-----
Saudi Arabia.....	20,000	20,000	-----
Sweden.....	966,518	322,237	644,281
United Kingdom of Great Britain and Northern Ireland.....	28,000,000	16,940,000	11,060,000
United States of America.....	162,500,000	65,750,000	96,750,000
Venezuela.....	70,000	70,000	-----
Total.....	207,618,969	96,467,639	111,151,330
Nonmember states:			
Austria.....	162,936	162,936	-----
Italy.....	1,253,333	1,253,333	-----
Monaco.....	286	286	-----
Switzerland.....	23,256	23,256	-----
Viet-Nam.....	10,000	10,000	-----
Total.....	1,449,811	1,449,811	-----
Grand total.....	209,068,780	97,917,450	111,151,330

The proposed UNKRA program calls for the obligation of \$45 million in 1954 and \$50 million in 1955. To enable the United States to contribute to the latter program in accordance with the agreed proportion formula (65 percent of total country contributions), provision is made for authority to carry over and utilize in 1955 the unobligated balance of the fiscal year 1954 appropriation, which is estimated as \$18.5 million; and for the appropriation of \$3,452,615 in additional new obligational authority to make a total of \$22 million which would be provided for the United States contribution to UNKRA in 1955.

32. FORMOSA (NATIONALIST CHINA)

Formosa is important to the security interests of the United States in the Far East, as a key point in the defense line from Japan to the Philippines. Our policy of support to the Chinese Nationalist Government on Formosa has frequently been reaffirmed, and needs no further comment at this time,

As with several other country areas embraced in the mutual security program, Formosa's productive facilities are inadequate to support the economy without outside assistance. Primarily this is because of the heavy requirements of a large military establishment, and a rapidly growing population. Although production has greatly increased in the last 4 years, it has not kept pace with increasing demand.

High military costs consume nearly 60 percent of the combined budgets of the provincial and central governments.

When the military assistance program was started, the Chinese Nationalist forces had practically no capability for offense or defense. With the receipt of United States equipment and a progressive and vigorous training program, there has been created on the island of Formosa a substantial military force which is capable at the present time of offering strong resistance against a surface attack from the mainland of China, and which possesses certain limited offensive capabilities of its own.

The production of consumer goods has shown marked improvement since 1949. Textile production has increased fivefold since 1950, permitting Formosa to meet its entire current requirements for military uniforms as well as to satisfy nearly all civilian requirements. This general economic improvement made it possible in fiscal 1954 to increase substantially the allocation of FOA aid funds for development of power, transportation and industrial facilities.

It is, however, unlikely that under present circumstances the Formosan area can become completely self-supporting.

Nonmilitary funds made available for Formosa from fiscal 1951 through fiscal 1954 total \$396.8 million, including direct forces support amounting to \$85.8 million. For fiscal 1955, \$90 million was requested for other than military assistance—\$25 million for direct forces support; \$62.6 million for defense support; and \$2.4 million for technical cooperation.

Funds for direct forces support will be used to finance civilian type imports required by the Formosan forces to supplement the military equipment and technical assistance furnished under the military assistance program. Included will be petroleum products and items used in the construction of warehouses, barracks, training centers, transportation facilities and airfields.

Defense support funds will supplement foreign exchange resources of the Chinese Government. They will be used to assure an adequate supply of consumer goods, industrial raw materials and capital goods and services. In the illustrative program, \$38.2 million was to finance industrial raw materials, such as phosphate rock to manufacture calcium superphosphate, soybeans for cake and edible oils, raw cotton to manufacture textiles, and lubricating oils. An additional \$15.5 million was for the expansion of industries already established (such as chemical fertilizer, paper and pulp, lumbering, sugar refining, rubber processing, and the mining of copper, gold, and coal).

Funds requested for technical cooperation will be devoted to financing the cost of experts in the fields of agriculture, public health, education and public administration; small quantities of supplies and equipment for demonstration purposes; and a trainee program in the United States.

Attention should be drawn, finally, to section 413 of the bill, which continues the authority of the Secretary of State to complete a program for paying the educational and related costs of Chinese (and Korean) students in the United States. This section does not authorize the appropriation of new funds, but continues available until expended the approximately \$850,000 remaining of the \$6 million authorized for this purpose in section 202 of the China Area Aid Act of 1950 (22 U. S. C. 1547).

33. JAPAN (SECS. 106 (c)(3) AND 109)

Japan constitutes a primary target for Communist expansion in the Far East. At present it is the military power of the United States in that area which represents the major deterrent to aggression. Although there has continued to be opposition to rearmament in Japan, the Japanese Government has moved in the direction of a gradual expansion of its defense forces.

Funds for military assistance to Japan were provided for the first time under the Mutual Security Act of 1953, and additional funds are authorized in this bill. Although the Japanese Constitution forbids the maintenance of national armed forces, the Japanese do have internal security forces which are essential in protecting the country against indirect aggression in the form of subversion. These forces would also be available to defend the country against direct foreign attack. Under the 1953 act, weapons and equipment were to be supplied to the internal security forces, subject to negotiation of suitable arrangements with the Japanese. Such arrangements were embodied in a Mutual Defense Assistance Agreement signed on March 8, 1954, which entered into force on May 1.

During and immediately following the occupation of Japan, the United States provided military equipment to the Japanese National Safety Force on a loan basis.

The materiel and equipment heretofore loaned to the Japanese were made available from Army and Navy appropriations. Section 109 of the present bill would authorize the President to transfer to the Government of Japan legal title to this equipment and to other equipment and supplies programed for Japan for which Department of Defense appropriations were obligated prior to July 1, 1953. No additional appropriation is authorized by this section and none is needed.

No program of technical or development assistance is now operating in Japan, nor is any provided for. Consideration is being given, however, to use of a small part of local currency funds accruing from surplus commodity sales to support a technical exchange program. Its purpose would be to help Japanese industries speed up the process of improving their production techniques and management methods, as a means of assisting them in solving their international financial problems through increased trade.

These problems are very serious. The rapid recovery of Japanese industry and agriculture since the war—restoring per capita consumption to prewar standards—obscures a basic weakness in the economy. Japan is probably the most densely populated country in the world in relation to available natural resources. A population of 87 million inhabits an area smaller than the State of Montana with its 615,000 people, and with less arable land than Montana. Loss of its overseas territories, and denial of access to the natural outlets of the Asiatic mainland which supplied Japan with much of its raw materials have further complicated its existence. These factors, and the limited availability of foodstuffs and raw materials from nondollar areas, have impelled Japan to turn increasingly to the dollar area, and particularly to the United States, for necessary imports. The pattern of world trade has likewise curtailed the markets for raw silk and cotton textiles, of which Japan was always a large exporter.

In the postwar years huge trade deficits have been covered by United States aid and various extraordinary dollar expenditures in Japan. The United States spent about \$2 billion during the occupation for economic assistance to Japan, mostly for government and relief in occupied areas (GARIOA). These appropriations ceased in 1951, but in recent years they have been more than replaced by (1) United States procurement of goods and services to support forces in Japan and Korea, (2) personal dollar outlays in Japan by United States military and other personnel, and (3) mutual security program purchases. In 1953 Japan received from these sources a dollar income of about \$800 million. On the other hand, the unfavorable trade balance of last year amounted to about \$1,100 million. Without the extraordinary dollar income, Japanese foreign exchange reserves would have been virtually exhausted.

The committee has watched this unwholesome situation with growing concern. It considers that the continued absence of normal trade opportunities for Japanese manufactured goods must inevitably produce either an internal eruption of some sort, or draw the Japanese economy closer to the markets of the mainland. Loans or aid or both may be satisfactory during a temporary period; but a long-term solution of the problem must be sought elsewhere. Some means must be found to accommodate the free world trade area to Japanese production. As one attack on this dilemma, efforts should be increased to develop trade with Southeast Asia to compensate for Japan's lost markets in China.

34. THE PHILIPPINES

The program for fiscal year 1955 in the Philippines provides for military assistance, defense support, and technical cooperation. The military assistance program, which is a limited one, continues to provide material and training to the armed forces of the Philippines to enable them to maintain internal security and as defense against external attack. Support for these forces has resulted in reducing the Communist-led Huk threat to less than one-third of its former power. A condition of stability and strength has been established in the Philippine Government.

The defense support program, which is in reality development assistance, amounted to \$12.4 million in the administration request, and technical cooperation funds to \$7.6 million. The total for the same purposes last year was \$15 million.

In previous years the program had been somewhat reduced because it was felt that effective use could not be made of larger amounts of money. It appears that this year the Philippine Government is in a position to build up the internal strength of the country more adequately. In general, the economy of the islands is on a fairly stable basis, which was not the case 2 or 3 years ago. Despite increased financial stability, budgetary deficits are in prospect for fiscal 1955.

Through fiscal 1954, funds allocated to the Philippines under technical cooperation and development assistance amounted to \$80 million. The programs have increased agricultural production by irrigation projects, fertilizer imports, and technical assistance furnished through the FOA program. One consequence in 1953 was that for the first time in recent history, the Philippines found it unnecessary to import rice. Among the major projects underway are a long-term malaria control program; hospital rehabilitation; surveys and drilling

to develop coal and mineral resources; development of hydroelectric power facilities by the Philippines with their own funds, supplemented by a \$20 million Export-Import Bank loan; and the establishment of an industrial guaranty and loan fund using counterpart pesos, as a stimulus to local capital.

The Philippine Government has consistently appropriated sums to the counterpart fund well beyond actual deposit requirements. Some 120 million pesos (US \$60 million) have been appropriated although only 57 million pesos were required for deposit. Over and above counterpart appropriations, the Philippine Government in fiscal 1953 and again in 1954 appropriated nearly 8 million pesos for direct project costs, in addition to increased appropriations in fields directly related to FOA-assisted activities. The total Philippine contribution during fiscal 1955 from all sources, excluding counterpart, is estimated at 90 million pesos, plus significant increases in regular appropriations for agriculture, health, education, and public works.

35. THAILAND

In Thailand, the military assistance program is bringing the Thai Army to a degree of competency permitting it not only to maintain internal security, but also to resist invasion from border states unless the support of Communist China or some other large nation is thrown in. An atmosphere of stability has been created with a promise of strength in the future.

The Thai Government, however, is unable to produce the weapons and materials needed for its armed forces; nor is its economy adequate to provide the requisite weapons through outside purchases.

During the fiscal years 1951-54, technical assistance to Thailand amounted to approximately \$27.9 million, most of which was devoted to joint United States-Thai efforts in such fields as irrigation, fertilizer demonstration, malaria control, transportation, and power.

For fiscal year 1955, a \$5 million program is proposed, with major emphasis being given to increasing rice yields per acre and developing health and teacher-training facilities. During 1955 it is estimated that Thailand will provide the equivalent of \$13.1 million for the local support of the joint technical-cooperation activities. Of this amount, \$5 million will come from counterpart funds, and \$8.1 million from additional Thai budgetary support. The Thai Government has, moreover, appropriated increasing amounts for similar-type development projects financed entirely out of its own funds. In 1953, the budget provided \$54 million for this purpose.

The Government of Thailand has committed itself firmly to the cause of the free world and to cooperation with the United States. Its position in the heart of the Indochina peninsula, if unhinged in favor of the Communists, would be disastrous for the free world in the Asian area. The committee believes strongly that our efforts to strengthen the political, economic, and social foundations of the country are justified and should be continued.

36. INDONESIA

Strategically, the importance of Indonesia derives from its geographical location across 3,000 miles of the approaches between Asia and Australia, its 80 million population, and its position as one of

the world's largest tin and rubber producers. Its loss to Communist domination would increase the threat to other countries in the area.

Politically and economically, conditions in Indonesia are rather unstable. Economic development has been hampered by recurrent cabinet crises, by budgetary difficulties, and foreign exchange shortages, due primarily to depression of world prices for tin and rubber. The Government has been under ever-increasing pressure from leftist factions to reorient Indonesia's trade toward the Communist bloc in order to develop new markets. It has, moreover, been influenced in favor of the neutralist policy followed by India.

The program proposed for fiscal 1955 is limited to technical cooperation in the amount of \$4 million, with about three-quarters of the total required for the services of United States technicians and supporting supplies, and a quarter for training grants.

Indonesia's contribution consists of counterpart deposits commensurate in value to the landed cost of commodities received under the technical-cooperation program. In addition the Indonesian Government has paid all local costs of FOA-assisted projects.

Although the Indonesia program is small, it has an importance beyond its size. The committee warmly approves continued assistance to this young Republic with so many immediate problems and so many bright prospects for the future.

37. COMMUNIST CHINA

The committee added two sentences to the general policy declaration in section 101 reading as follows:

The Congress hereby reiterates its opposition to the seating in the United Nations of the Communist China regime as the representative of China. In the event of the seating of representatives of the Chinese Communist regime in the Security Council or General Assembly of the United Nations, the President is requested to inform the Congress insofar as is compatible with the requirements of national security, of the implications of this action upon the foreign policy of the United States and our foreign relationships, including that created by membership in the United Nations, together with any recommendations which he may have with respect to the matter.

These sentences are largely self-explanatory. The first merely repeats the position which Congress has expressed before, most recently in the State-Justice-Commerce Appropriation Act earlier this year. The second in effect requests the President to lay before the Congress the problem which will arise if Communist Chinese representatives are seated in the United Nations Security Council or the General Assembly.

This amendment in no way commits the Congress, or the United States, to any specific course of action if the Chinese Communists are recognized by the U. N. It does, however, express the grave concern with which the Congress would view the situation which would then exist.

V. LATIN AMERICA

The administration requested a total of \$47 million for Latin America, distributed as follows:

Military assistance (sec. 106 (c) (4))-----	\$13, 000, 000
Development assistance, Bolivia (sec. 201 (a) (3))-----	9, 000, 000
Technical cooperation-----	25, 000, 000
Bilateral programs (sec. 304)-----	\$23, 500, 000
Organization of American States (sec. 306 (b))-----	1, 500, 000
Total-----	47, 000, 000

The committee authorized the full amounts for development assistance and technical cooperation. The military assistance figure is subject to an unspecified reduction as a result of the cut in the overall authorization of which it is a part.

38. SITUATION IN THE AREA

The underlying conditions, economic and military, which justify a continuation of aid to Latin America are basically the same as those which have motivated the extension of assistance to the area during the past several years. It is a primary goal of the United States to further the development of the resources of our sister republics. One of the most effective means to combat the challenge of world communism in this hemisphere is to strengthen and encourage mutually profitable trade relations simultaneously with increased productivity and an elevation of living standards.

These standards have remained low. They can be raised. The magnitude of the problem is better understood when comparative figures between the United States and Latin America are examined. Excluding Argentina, which does not receive United States assistance, the area of countries southward is more than double that of the United States with a population roughly comparable to that of the United States in the 1940's (150 million). But the gross national product of these countries is only 11 percent of our own or about \$244 per capita as compared with \$2,175.

Improved and modern agricultural methods ultimately can make it unnecessary for the Latin American Republics to use badly needed foreign exchange to purchase food abroad. Unfortunately in recent years exports and real wages have declined while imports have increased. It is hoped that this assistance program will help to reverse that trend.

The \$34 million authorized for economic and technical assistance in Latin America represents a very small proportion of the total amount expended on economic development from other sources. Ninety percent of this is furnished by the beneficiary countries themselves. Outside assistance includes direct private investments which have averaged \$250 million annually. The Export-Import Bank and the International Bank for Reconstruction and Development have loaned annually sums of almost \$100 million. With the potential resources to be developed, much more investment is needed if the demands of a resurgent nationalism are not to be exploited further by the Communist movement to fan hostility toward the United States.

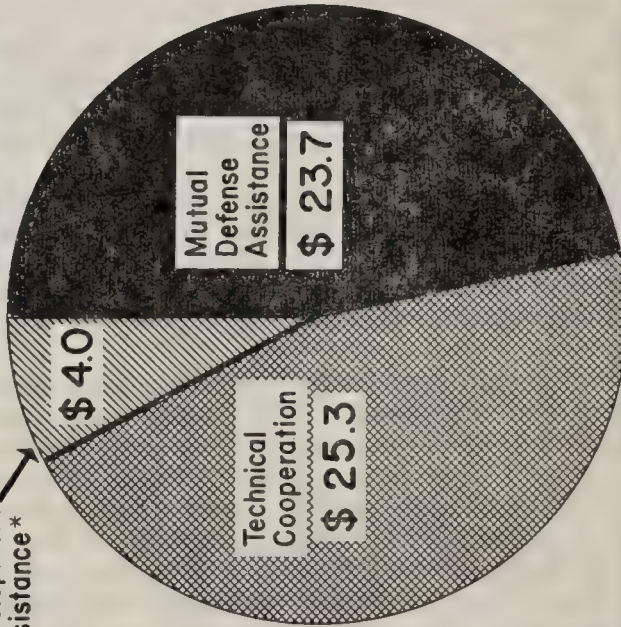
The committee feels that this investment can most appropriately come from private sources and from such public institutions as the

LATIN AMERICA - TOTAL PROGRAM

(\$Millions)

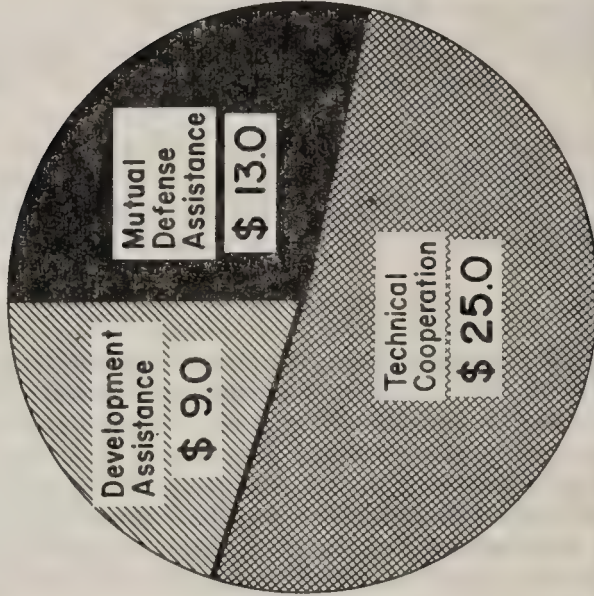
FY 1954

Development Assistance *



\$ 53.0

FY 1955



\$ 47.0

* Excludes \$ 8 Million of surplus commodities under authority of P.L. 216 83d. Congress

Export-Import Bank or the International Bank for Reconstruction and Development. In this way, a viable economy founded upon a business approach geared to the future development of the area can be achieved. From the standpoint purely of American self-interest it is essential that strong economies be developed in these countries and that private enterprise be encouraged to produce more wealth, goods, and services. Although United States Government assistance is a small part of what is needed, it is a critical part and yields results more than proportionate to the dollars involved.

There is a long distance yet to be traveled, if the underlying causes of ferment in the economic and social structure of the Latin American Republics are to give way before industrial and agricultural progress. How much progress must be made is perhaps not generally recognized by people in the United States. A dramatic presentation of the disparity between our own country and Latin America in respect to comparative transportation figures was furnished to the committee during the hearings. With a population only about 10 million less than that of the United States, the Latin American Republics other than Argentina have only about 6.3 percent of the all-weather roads which we have in the United States; they have only 2 million motor vehicles of all kinds as compared with 53 million in this country.

The committee was also impressed with views expressed by Assistant Secretary of State Holland to the effect that the solution of Latin America's difficulties is not to be found merely in increasing the amount of technical assistance to that area; but that it resides mainly in the development of improved trade relations between our southern neighbors and ourselves, and in assuring them that North American markets will not be closed to their products. To resort to practices which diminish their trade with us is, as Mr. Holland properly underlines, to create distrust toward the United States and to encourage internal difficulties in the very countries which are vital to the survival of freedom in the Western Hemisphere. No amount of public professions of friendship or of money expended could overcome the effects of so shortsighted a policy.

It is, finally, the committee's conviction that much could be accomplished by enlarging our exchange program with Latin America. Testimony before the committee disclosed that the Soviet Union and its satellite countries took behind the Iron Curtain 100 labor leaders from Chile alone last year, to indoctrinate them and return them to Chile, certainly with no greater affection for us, and with at least some misgivings as to our own system. By contrast, only 25 labor leaders came to the United States last year from all of Latin America. No prophet is required to foretell the potential effects of this type of program, unless countered by similar vigorous efforts on the part of the United States.

39. MILITARY ASSISTANCE (SEC. 106 (c) (4))

Of the amount requested for Latin America during the fiscal year 1955, \$13 million is for military assistance. This is a reduction of more than \$10 million (40 percent) from the sums provided in 1954. Previous appropriations, when utilized fully, will substantially complete the equipment phase of the present program. Funds re-

requested for 1955 are intended primarily to be used to maintain the equipment and to provide further training for its use. It will be noticed that the sum authorized for military assistance is approximately one-half that for technical cooperation.

As in previous years, the committee feels that the amounts made available for military assistance in Latin America should prove to be money well spent. Prior to the institution of this program the armed forces of the American Republics were incapable of assuming the joint responsibility which they had undertaken for the defense of the Western Hemisphere under the Rio Treaty of Reciprocal Assistance of 1947. The principal handicaps were inadequate facilities and obsolete military equipment. Their national budgets simply precluded any large-scale expenditures for modernization. Under the program thus far, Brazil, Chile, Colombia, Cuba, the Dominican Republic, Ecuador, Honduras, Nicaragua, Peru, and Uruguay are receiving equipment.

One distinct advantage accruing from this facet of the program is the standardizing of military equipment in units which these countries have agreed to use in hemisphere defense missions. Supply problems in any future emergency should be greatly simplified as a consequence. A more important advantage to the United States arises from the fact that with local units assigned to specific missions, such as the protection of lines of communication, it should become unnecessary to divert American troops for those particular tasks, as was required during the last Great War.

The bill requires that assistance be furnished only in accordance with defense plans by which the recipient nation will participate in missions important to the defense of the Western Hemisphere (sec. 106 (b) (4)).

The total amount of all assistance rendered or in process of being delivered from previous appropriations is \$104.2 million. However, only about \$40 million has been obligated, and only about \$20 million has been shipped (in addition to some \$62 million worth of excess equipment and materiel). This means that something less than 20 percent of the military assistance projected since 1950 (other than the transfer of excess equipment) has become a reality. The committee considers that the delay has been excessive, and urges that appropriate measures be taken to expedite the implementation of the program which Congress has approved.

40. BOLIVIA DEVELOPMENT ASSISTANCE (SEC. 201 (a) (3))

The development assistance program of \$9 million (sec. 201 (a) (3)) is presently planned for special emergency aid for Bolivia to sustain that country in a chaotic period from which it is only now beginning to emerge.

When the price of tin declined in the world market, it was not possible for Bolivia to import adequate quantities of food to meet what is a 50 percent deficiency in some items. One of the principal objectives of this "development assistance," therefore, was to avert starvation. Also fundamental was the creation of counterpart funds which would help increase domestic food production by diversification of agriculture, to reduce the dependency of the nation on its mining industry. It is anticipated that appreciable results from the agricul-

tural development program will not be reached before the end of calendar year 1955.

Development assistance for the fiscal year 1954 included, in addition to \$4 million in funds for agricultural equipment and related needs, the sum of \$8 million for the transfer of food, primarily wheat, from stocks of the Commodity Credit Corporation under Public Law 216, 83d Congress (the Famine Relief Act of 1953).

The technical cooperation program in Bolivia will involve an estimated additional \$1,800,000 from the United States in fiscal 1955.

41. TECHNICAL COOPERATION (SECS. 304 AND 306 (b))

The illustrative country breakdown of technical cooperation funds authorized for Latin America, together with estimated contributions of the host countries, is as follows:

[Thousands of dollars]

Country	United States	Host country	Country	United States	Host country
Bolivia.....	1,649.0	1,800.0	Panama.....	1,066.4	1,337.9
Brazil.....	3,551.6	28,500.0	Paraguay.....	1,158.1	2,314.0
Chile.....	1,548.0	2,587.5	Peru.....	1,769.3	3,355.5
Colombia.....	1,304.8	3,185.0	Uruguay.....	379.0	750.0
Costa Rica.....	918.0	1,000.0	Venezuela.....	195.0	1,351.0
Cuba.....	337.1	450.0	Dependent overseas territories.....	439.4	439.4
Dominican Republic.....	354.3	380.0			
Ecuador.....	1,208.4	1,649.0		22,028.4	58,118.1
El Salvador.....	894.1	900.0	Undistributed.....	1,471.6	
Guatemala.....	190.4	935.0	Regional.....	1,357.5	
Haiti.....	1,096.7	1,096.7			
Honduras.....	917.6	2,100.0			
Mexico.....	1,041.2	2,500.0			
Nicaragua.....	652.5	1,487.1	Total.....	23,500.0	

In addition, the bill authorizes a United States contribution of \$1,500,000 to the technical cooperation program of the Organization of American States (sec. 306 (b)).

The technical cooperation programs are designed to improve basic public services and establish a better foundation for economic development. Jointly with the individual Latin American Governments the United States has been working to develop improved national systems of health, education, agriculture, transportation, industry and public administration. An important aspect is assistance in training technicians in these fields. An example of the success achieved in one project of health and sanitation is furnished by the reduction of the death rate, in the town of Camota in the Amazon region, from 200 out of every thousand in 1942, to 70 in 1949.

As in prior years, programs devoted to agriculture and natural resources will be the largest in the technical cooperation field, amounting to approximately one-third of the total. Emphasis will also be placed on health and sanitation for which \$5 million is proposed in 1955, on education (\$3 million), and on industry, mining, and labor (\$2.6 million).

The technical cooperation program, which must be operated on a long-term basis to produce results, was begun in Latin America in 1942. Results are now apparent. There is still much to be done. The committee is convinced that a continuation of the technical cooperation program at approximately its present level will make a major contribution to future progress.

VI. NONREGIONAL PROGRAMS

42. UNITED NATIONS CHILDREN'S FUND (SEC. 406)

The bill authorizes \$13.5 million for United States contributions to the United Nations Children's Fund (sec. 406).

The U. N. children's welfare program has received vigorous United States support for many years. The valuable contribution of this program was recognized by the General Assembly in the fall of 1953 when it extended the United Nations International Children's Emergency Fund (UNICEF) by unanimous vote for an indefinite period and dropped the word "emergency" from its name as no longer descriptive.

In line with its now permanent status, the Children's Fund is devoting most of its resources to services which will permanently improve children's welfare, such as the development of adequate maternal and child welfare facilities, the control of children's communicable diseases, and the raising of nutritional standards for children. Only 15.6 percent of calendar year 1954 funds are set aside for emergency relief operations in disaster areas, compared with 76 percent during the period 1947-50. This shift in emphasis has long been supported by this committee. In line with the shift to long-range projects, the Children's Fund has expanded its programs in Asia, Africa, and Latin America and curtailed its European operations correspondingly. It now concentrates on types of projects which can be carried on in due course by the recipient country without U. N. help.

During 1953 through UNICEF, more than 16 million persons were protected from malaria; 9 million children were vaccinated against tuberculosis; 1.5 million treated for yaws; and 1.3 million given food supplements during periods of emergency need. About 60,000,000 children in 75 countries are currently benefiting from Children's Fund programs.

The Administration is requesting \$13,500,000 as a combined contribution to the 1954 and 1955 programs; \$9 million to fulfill our pledge for calendar year 1954 contributions and the other \$4,500,000 as the first installment of our calendar year 1955 contribution. This dual authorization puts our contributions on a fiscal year basis and will enable the Administration henceforth to bring United States contributions up to date. Past United States calendar-year contributions have averaged about \$9 million. Since \$4,500,000 of fiscal year 1955 funds represents the United States contribution for half of calendar year 1955, it can be expected that our total pledge for that year will be \$9 million.

The United States contribution in the past has been about 70 percent of all contributions to the central account of the Children's fund from which allocations for aid are made, and about 25 percent of all types of contributions, including contributions in local currency and resources by assisted governments. The Administration expects to reduce contributions to the central account to 60 percent of the total but to continue the ratio of one-fourth of all contributions to the central account plus local matching contributions. The committee supports the Administration's intention to press more vigorously for greater financial support of the Children's Fund by other governments, but some members believe it would be unwise for our Government to

push too precipitately toward the 60-percent goal in advance of the ability of other countries to increase their share of the total.

The committee noted that more than 70 percent of UNICEF funds are allocated to the underdeveloped areas of Asia, Africa, and Latin America. Inasmuch as there are a number of other bilateral and multilateral programs in these areas, the committee requested and received reassurances that there is no overlapping and duplication of activities. Children's Fund operations are closely coordinated or undertaken jointly with those of such specialized agencies operating in the same field as the World Health Organization and the Food and Agriculture Organization.

The committee also took note of the fact that the United Nations itself is concerned about the abnormally high administrative costs of the Children's Fund and has requested the fund's Executive Board to keep this matter under continuous review so that as large a share as possible of the fund's resources will be used in the service of children. The committee is in full accord with this action.

The committee approves the full amount requested for Children's Fund contributions. The activities of the fund have brought a great deal of good will to the United Nations and to the United States, which is known to be the major contributor. Our vigorous support of this activity, in contrast to the long Communist boycott, has made a favorable impact among the peoples of the underdeveloped areas.

It is in the interests of the United States that this work be continued, and the committee recommends that the Senate give its support and approval to the authorization.

43. INTERNATIONAL MOVEMENTS OF PERSONS (SECS. 405 AND 417)

There are a number of agencies and programs operating in this field, but each serves a particular purpose. The escapee program is designed to help certain Iron Curtain refugees. The United Nations Refugee Emergency Fund administered by the United Nations High Commissioner for Refugees looks after refugees ineligible for assistance through the escapee program. The Intergovernmental Committee for European Migration, on the other hand, does not concern refugees but nationals from overpopulated Western European countries.

a. European migration (sec. 405 (a))

Congress for years has recognized that the problem of overpopulation in Europe has contributed to unemployment, poor standards of living and general economic and political instability, especially in Italy, Austria, Germany, Greece, and the Netherlands. In the Economic Cooperation Act of 1950 it directed the Administrator to—
encourage emigration from participating countries * * * to areas * * * where such manpower can be effectively utilized.

Subsequently, in 1951, the United States initiated the establishment of the Intergovernmental Committee for European Migration (ICEM), which facilitates migration from Europe through transportation services, administrative help in the recruitment and processing of migrants, and technical services which consist of vocational and language training and information about the country of resettlement.

The Administration estimates that in the next 10 years, about 3,500,000 persons will need to migrate from Europe. The annual flow of migrants now amounts to between 200,000 and 250,000. The number of these aided by ICEM is steadily increasing. In 11 months of 1952, 77,626 migrants were moved. In 1953, the figure was 87,000, and the program for the current calendar year is 118,400. Argentina, Australia, Canada, Brazil, and the United States are the principal recipient countries. The United States contribution to ICEM was \$8,950,000 in 1952; \$6,789,590 in 1953; and \$9,950,410 in 1954.

In recognition of the need to accelerate migration, the administration for fiscal year 1955 originally requested an increase to \$11,700,000. This amount was reduced to \$11,189,190 by the committee in the light of later administration estimates of the sum needed. The estimated number of migrants to be moved by ICEM during calendar year 1955 is 155,000, including 55,000 to the United States under the provisions of the Refugee Relief Act of 1953. Total contributions from all sources will amount to an estimated \$50 million. The following table gives further details on the expected financing of the 1955 ICEM program.

Intergovernmental Committee for European Migration—Contributions of member governments, 1955 estimates

Member governments	Percentage scale of contributions to administrative expenses	Cash contributions to administrative expenses	Cash contributions for free movements	Contributions, reimbursements for specific programs	Credits allowed for processing and reception expenditures	Total contributions
United States.....	31.32	\$780,409	\$7,000,000	\$3,919,591		\$11,700,000
Argentina.....	4.46	111,131		867,740	\$519,000	1,497,871
Australia.....	6.29	156,730	201,600	2,072,000	710,000	3,140,330
Austria.....	1.42	35,382		382,500	770,000	1,187,882
Belgium.....	2.63	65,532	100,000			165,532
Brazil.....	4.46	111,131		394,000	394,000	899,131
Canada.....	8.51	212,047	200,000	116,000	142,000	670,047
Chile.....	1.02	25,416		62,700	71,000	159,116
Colombia.....	1.02	25,416		22,500	17,000	64,916
Costa Rica.....	.13	3,238		3,000	4,000	10,238
Denmark.....	1.16	28,904	30,000			58,904
France.....	8.51	212,047	200,000			412,047
Germany.....	8.51	212,047		2,445,000	2,271,500	4,928,547
Greece.....	1.42	35,382		831,550	690,120	1,557,052
Israel.....	.51	12,708	10,000	90,000	43,000	155,708
Italy.....	8.51	212,047		3,639,000	3,300,000	7,151,047
Luxembourg.....	.21	5,233				5,233
Netherlands.....	2.63	65,532	200,000	1,113,400	792,000	2,170,932
Norway.....	.72	17,939	14,000			31,939
Paraguay.....	.42	10,465		2,500	10,000	22,965
Sweden.....	2.63	65,532	100,000			165,532
Switzerland.....	1.98	49,336	100,000			149,336
Uruguay.....	.51	12,708		6,000	6,000	24,708
Venezuela.....	1.02	25,416		360,000	197,000	582,416
Trieste.....				195,750		195,750
Escapee program.....				988,750		988,750
Contributions from migrants.....				3,297,677		3,297,677
Reimbursements by voluntary agencies.....				2,272,718		2,272,718
Far East fund.....				862,670		862,670
Miscellaneous income.....				25,000		25,000
Additional contributions required.....			5,481,681			5,481,681
Total.....	100.00	2,491,728	13,637,281	23,970,046	9,936,620	50,035,675

The committee was pleased to note that ICEM is negotiating to secure larger reimbursements for the costs of moving a migrant from the migrants themselves and from the countries of emigration and immigration. If successful, these negotiations will result in a stretching of the United States contribution, which largely covers the deficit between reimbursements and actual costs.

b. Emigration of Ryukyans to Latin America (sec. 405 (b))

Subsection 405 (b) permits the President to use not more than \$800,000 of any of the funds in the bill to facilitate emigration from the Ryukyu Islands to other American Republics. Due to the increasing population on the islands, the Ryukyans have expressed a desire to start again their prewar pattern of emigration to Latin America.

Bolivia is interested in receiving Ryukyuan farmers to strengthen her agriculture and to balance her economy better. Detailed plans for their settlement have been made and the first group of emigrants is already on its way. Other American Republics may follow suit, if the Bolivian program is successful. This would result in easing United States responsibilities in the Ryukyu Islands (which are under United States civil administration) and in building up the Latin American economy. Both these results will be of indirect benefit to the American taxpayer. The committee wishes to stress that the authority granted the President by this section is permissive and should be used only for firm and practical plans.

c. Encouragement of travel (sec. 417)

This new section grew out of section 117 (b) of the Economic Cooperation Act of 1948, as amended, which was repealed in 1952, and out of House Joint Resolution 350 and its companion, Senate Joint Resolution 117 by Senator Flanders—all of which are designed to promote international travel.

Section 417 instructs the President to facilitate and encourage, without cost to the United States except for administrative expenses, the travel of United States citizens to countries receiving assistance and vice versa. It recognizes that a major source of dollar exchange for many nations is American tourists, and that one way to increase the dollar earnings of friendly nations is to encourage more Americans to travel there. The objectives of this section were endorsed by the Randall Commission, which in its report stated:

It is clearly important to the economic and social development of the free world that the United States Government promote foreign travel. Increased travel abroad by Americans can make a substantial contribution over a period of time to increasing the dollar earnings of foreign countries. While tourist promotion should be primarily a private responsibility, the Commission appreciates that the Government cannot exercise its appropriate functions in respect to foreign travel at no cost whatsoever. There are many actions which the Government might take.

The Commission recommends consideration of means of facilitating the issuance of passports and visas to tourists, and close cooperation with foreign governments through our missions abroad to insure ease of entry and adequacy of accommodation for travelers abroad. The duty-free allowance for tourists which, in effect, now amounts to \$500 exercisable once every 6 months, should be increased to \$1,000. The President should direct the appropriate departments of the Government to encourage the promotion of tourism (H. Doc. 290, 83d Cong., 2d sess., p. 71).

Section 417 does not intend the Government to engage or compete in the tourist business but does direct it to work for the removal of restrictions and other impediments to travel.

In addition to its purely economic aspects, a greater international interchange of persons can potentially make a considerable contribution to broad foreign policy objectives through increased knowledge and understanding.

44. OCEAN FREIGHT ON RELIEF SHIPMENTS (SEC. 409)

This program was inaugurated by the original Economic Cooperation Act to encourage certified voluntary private relief agencies in their overseas activities by subsidizing the ocean freight costs of supplies sent abroad. Twenty-seven agencies and 13 countries are participating in this program which is now limited to bulk shipments of relief commodities. The subsidy for individual parcel-post packages was discontinued in March 1953.

For fiscal year 1954 Congress appropriated \$1,825,000, the full amount requested by the administration. Additional funds, however, were required because the Department of Agriculture made available to the voluntary relief agencies a quantity of surplus food (dried milk, butter, and cheddar cheese), which resulted in heavier shipment abroad. To finance the ocean freight on these relief commodities, the President authorized the transfer of another \$2,500,000 to this program plus \$1 million to pay for the shipment from the point of storage to United States port. As a result, expenditures for this program totaled \$5,325,000 in fiscal year 1954.

For the coming fiscal year the administration expects the voluntary relief program to continue at the same increased level and requests \$4,400,000 for the ocean freight subsidy. This will move an estimated \$65 million worth of relief goods. The bill authorizes the full amount requested and also continues available unexpended balances amounting to \$700,000. As in the past, payment of ocean freight may be made on shipments by voluntary nonprofit relief agencies registered with and approved by the Advisory Committee on Voluntary Foreign Aid. New language also makes shipments by the American Red Cross eligible for such payments.

The committee again fully endorses the purposes of this worthwhile program of encouraging and supporting the principle of people-to-people giving. Since 1948, \$200 million worth of relief supplies have been shipped at a cost of \$12 million to the United States in ocean-freight subsidies. The following table gives further details on the past, present, and future programs:

Voluntary relief shipment subsidies

COMPARATIVE SUMMARY OF PROGRAMS BY AREA

Area	Program		
	Actual fiscal year 1953	Estimated fiscal year 1954	Proposed fiscal year 1955
Ocean-freight subsidies:			
Shipments by voluntary relief agencies:			
Europe.....	\$1,143,000	\$2,425,000	\$2,500,000
Near East.....		300,000	600,000
South Asia.....	154,000	1,000,000	1,200,000
Far East.....	53,000	600,000	100,000
Total, voluntary relief agencies.....	1,350,000	4,325,000	4,400,000
Shipments by parcel post (undistributed by area).....	841,078		
Inland transportation subsidies on shipments of surplus agricultural commodities by voluntary relief agencies.....		1,000,000	
Total.....	2,191,078	5,325,000	4,400,000

COMPARATIVE SUMMARY OF EXPENDITURES AND PROGRAM ACTIVITY FOR OCEAN FREIGHT SUBSIDIES

Expenditures for ocean freight.....	\$1,350,000	\$4,325,000	\$4,400,000
Weight of relief supplies (pounds).....	93,000,000	211,250,000	220,000,000
Value of relief supplies.....	21,000,000	62,000,000	65,000,000

NOTE 1.—Participating agencies include the following: American Baptist Relief; American Friends of Austrian Children; American Friends Service Committee; American Jewish Joint Distribution Committee; American Middle East Relief; American ORT Federation; Assemblies of God; Brethren Service Commission; Church World Service; Congregational Christian Service Committee; Cooperative for American Remittances to Everywhere (CARE), Inc.; Foster Parents' Plan for War Children; Greek War Relief Association; Luthern World Relief; Mennonite Central Committee; Near East Foundation; Little House of Saint-Panteleon; International Rescue Committee; Iran Foundation; Refuge des Petits; Salvation Army; Save the Children Federation; Tolstoy Foundation; Unitarian Service Committee; United Lithuanian Relief Fund of America; War Relief Services—National Catholic Welfare Conference; and World Student Service Fund.

NOTE 2.—Participating countries include the following: Austria, France, Germany, Greece, Iran, Italy, Lebanon, Trieste, Yugoslavia, Formosa, India, and Pakistan.

45. UNITED NATIONS TECHNICAL ASSISTANCE PROGRAM (SEC. 306 (a))

The United Nations technical assistance program (UNTA) is now in its fifth year of operations and has proved a worthwhile undertaking. During 1953 more than 1,000 technicians drawn from all parts of the world worked on approximately 765 projects scattered through some 70 countries and territories. In addition, about 1,750 fellowships were awarded and 75 other projects were contracted for but not initiated during the year. The 1954 UNTA program consists largely of a continuation of these projects and the initiation of some new ones, which will bring the total of 945 projects in 76 countries and territories.

The U. N. program is supported by voluntary contributions from member states. For the first 3 years of operations, the United States supplied about 60 percent of all cash contributions to the central account. The increased ability of other technologically developed nations to make larger contributions is expected to reduce the percentage of our contribution during 1954 to 57.7 percent. The Administration's ultimate goal is to reduce it to 50 percent, and the committee strongly hopes that this will be achieved shortly. It should be added that local cost contributions of the assisted nations bring our contribution to the entire program down to about 21 percent of the total. For the calendar year 1954, 68 governments have pledged a little more than \$24 million.

The bill authorizes \$17,958,000 for a United States contribution (sec. 306 (a)). Of this amount \$9,957,621 will be applied to calendar year 1954 and \$8 million to the first half of calendar year 1955. The full contribution in calendar year 1955 is expected to be \$16 million but the balance of this amount will not be requested until next year.

The request this year is almost twice as large as the amounts appropriated for this purpose for the past 2 fiscal years. Two facts account in part for this: (1) a slight expansion of the U. N. program is contemplated, and (2) the United States has been falling behind its pledges. The following table shows the amounts pledged by the United States, amounts appropriated and their distribution between the calendar year operations of UNTA, in fulfillment of our pledges.

	Fiscal year 1952	Fiscal year 1953	Fiscal year 1954	Proposed fiscal year 1955
Appropriation.....	\$12,000,000	\$8,171,333	\$8,500,000	\$17,957,621
	Calendar year 1952	Calendar year 1953	Proposed calendar year 1954	Estimated calendar year 1955
United States pledge.....	\$11,400,000	\$12,767,145	\$13,861,809	\$16,000,000
Fiscal year 1952 funds.....	11,400,000			
Fiscal year 1953 funds.....		8,171,333		
Fiscal year 1954 funds.....		4,595,812	3,904,188	
Fiscal year 1955 funds.....			9,957,621	¹ 8,000,000

¹ Balance to be requested in fiscal year 1956.

The committee feels that this program deserves continued United States support. A multilateral approach is much better in some countries where public opinion will accept aid from international organizations but not from a foreign nation, and for some problems of regional scope. It is also more economic for the United States to share the burden of supplying this know-how with other nations. Moreover, the U. N. program permits the worldwide recruitment of technicians, some of which are in short supply in the United States.

The favorable impact of the U. N. technical assistance program is best demonstrated by the fact that last year the Soviet Union and some of its satellites bowed to world public opinion and made their first token contribution to this program. In these circumstances, it would be particularly ill-advised for the United States to withdraw or reduce its support and leave this field to the Soviets by default.

Before approving the authorization, the committee received assurances that overlapping and duplication in this and other U. N. and bilateral programs, which had been of concern to the committee in the past, have been virtually eliminated. In this connection, the committee wishes to remind the Senate that it has recommended a thorough study and examination of all technical assistance programs in which the United States participates (S. Res. 214) and expects this study to disclose, and develop solutions for, any shortcomings in these programs, including possible overlapping and duplication and a satisfactory basis for future United States contributions to the U. N. technical assistance program.

46. UNITED NATIONS REFUGEE EMERGENCY FUND (UNREF) (SEC. 405 (C))

The Congress is this year requested for the first time to authorize \$500,000 for a contribution to the United Nations Refugee Emergency Fund (UNREF). This fund was established in 1952 by the General Assembly to provide emergency care and medical aid to the most needy refugees in Europe and Asia. The aid is administered by the United Nations High Commissioner for Refugees, who has had the responsibility for providing legal and political protection for the refugees since the termination of the International Refugee Organization.

The refugees being aided by UNREF are those who are ineligible for assistance from the escapee fund or the Intergovernmental Committee for European Migration. They include the so-called "difficult" cases which require lifetime institutional care because of disability, age, or chronic illness.

The United States did not make a contribution to the fund in 1952 and 1953, since the residual assets of the International Refugee Organization were available to the High Commissioner. The fund is now, however, approaching a financial crisis which a United States contribution at this time would alleviate. The authorized contribution of \$500,000 (sec. 405 (c)) will constitute about 50 percent of all funds requested by the High Commissioner for the remainder of 1954, which total \$1,084,000, and about 41 percent of all 1954 funds, including \$138,000 already spent during the first quarter. From July 1, 1952, to March 31, 1954, the fund financed its operations with \$1,294,086 raised as follows: from 16 governments and the Holy See, \$957,012; from the International Refugee Organization, \$246,698; and from private organizations and individuals, \$90,376.

The following table shows the proposed distribution of the 1954 funds among areas:

Country	Total amount requested for UNREF	Approximate number of refugees this amount is intended to assist	Number of difficult cases recorded as at Apr. 1, 1954 ¹
China and Hong Kong.....	{ ² \$276,000 ³ 280,000}	1,600	³ 500-600
Austria.....	130,000	23,000	1,500
Italy.....	40,000	2,800	1,000
Trieste.....	10,000	500	700
Greece.....	110,000	6,500	900
Turkey.....	50,000	450	153
Egypt.....	45,000	1,500	-----
Iran.....	36,000	400	101
Syria, Lebanon, and Jordan.....	107,000	500	⁴ 68
Total.....	1,084,000	37,250	-----
Already spent in China, January-April 1954.....	138,000	-----	-----
Total budget, 1954.....	1,222,000	-----	-----

¹ These figures are based on surveys, as yet incomplete, carried out by voluntary agencies in consultation with representatives of the High Commissioner. They are minimum figures of the so-called institutional cases. Placement of these cases in institutions (with the exception of those in China and in Syria, Lebanon, and Jordan) have not been budgeted for.

² For period May-December 1954. The High Commissioner has already spent, from funds received or pledged, \$138,000 during the period January-April 1954.

³ For placement of institutional cases from China and Hong Kong in Europe.

⁴ Institutional cases and dependents, included in the budget for assistance in 1954.

It will be seen from this table that almost 40,000 refugees will be helped in Europe, the Middle East, and China. In addition, the High Commissioner estimates that there are 14,000 destitute refugees of European origin in Shanghai and Hong Kong.

More than half of the requested funds will be spent in China and Hong Kong. The High Commissioner considers the difficult cases in China and Hong Kong as his primary responsibility, because these refugees in many cases have no other means of support. The rest of the amount will be allocated to small programs in four European areas (Austria, Italy, Trieste, and Greece) where the refugee load is greater than the ability to support it and to European refugees in various countries in the Near East.

In addition, a number of European countries, including Belgium, France, the Netherlands, Denmark, Sweden, Switzerland, and Ireland, are accepting numbers of "difficult" cases for lifetime institutional care at their own expense.

There are a number of valid reasons for approving the \$500,000 request for a United States contribution to UNREF. (1) Although it is generally recognized that the country of asylum has responsibility for refugees accepted by it, the number of refugees during the postwar years has increased to such proportions that it is a real hardship for some countries to continue to accept them. Since the United States has actively encouraged the grant of asylum to those who wish to escape the Communist yoke, it is only fitting that it should make a financial contribution for this purpose. (2) This assistance is not available from any other source, because private relief agencies are already doing all they can. (3) The Office and work of the High Commissioner of Refugees has been under continuous violent attack from the Soviet Union which advocates forced repatriation. A United States contribution would give much-needed support to the principle of voluntary resettlement. (4) The problem is an international one, and the United States should assume a portion of the responsibility for alleviating hardship and preventing starvation.

For these reasons, the committee recommends the full amount of \$500,000 for the United Nations Refugee Emergency Fund.

47. SPECIAL FUND (SEC. 401)

Not more than \$150 million of the funds available under the bill may be used in any fiscal year without regard to the requirements of the act when the President determines that such use is important to the security of the United States. Not more than \$20 million of this amount may be allocated to any one nation.

It is contemplated that this special fund will be available to meet unforeseen contingencies as they arise in the next year. It was under a similar provision, for example, that the President was able to spend \$15 million on special food packages for residents of the Soviet Zone of Germany after the Berlin riots in June, 1953. The committee feels that such expenditures are very much worthwhile.

Not more than \$100 million of these funds may be spent for the escapee program, authorized by section 101 (a) (1) (the Kersten amendment) of the Mutual Security Act of 1951, as amended. This authority is reenacted in section 401 of the present bill.

The administration proposes to spend \$6,500,000 for the escapee program in fiscal 1955, compared to \$7,500,000 in fiscal 1954.

The program has never been as large as was once envisaged. It does not, however, represent an increase in the overall cost of the mutual security program, and the committee has left unchanged the ceiling of \$100 million set in the House bill.

The purpose of the program is to help persons who escape from Communist-dominated countries and to demonstrate the concern of the United States in the welfare of people entrapped by the Iron Curtain. Escapees are aided through the furnishing of food, clothing, shelter, and sanitary and health supplies, and transportation to places of permanent resettlement. This aid is rendered primarily through contract with voluntary agencies representing the major religious and nationality groups in this country.

Since the inception of this program to April 1954, 34,000 persons have applied for assistance under the Kersten amendment. After rigid security and other screens, about 25,000 were found eligible, of whom 10,000 had been permanently resettled by the end of last April. In addition, 362 Kazakhs were resettled in Turkey, 5,000 selected Chinese refugees were assisted in resettlement in the Far East, and \$150,000 was granted to the Colonial Government of Hong Kong to help some 60,000 victims of a fire.

■ In the coming fiscal year, the administration intends to devote a great portion of available funds to resettlement and estimates that the number resettled will reach 16,350 escapees. The committee is encouraged by this determination, which is in line with its recommendation last year that "particular attention will be focused on the permanent resettlement of the escapees."

Finally, the special fund section makes up to \$50 million available in unvouchered funds upon certification by the President that it is inadvisable to specify the nature of the expenditures. Similar provisions have been made heretofore.

VII. SPECIAL PROBLEMS

48. ADMINISTRATION (TITLE V, CH. 2)

In response to the recommendation of the Secretary of State, the committee has left the basic organizational structure of the mutual security program unchanged for this year. The organization is continued, in substance, as provided for in the Mutual Security Act and Reorganization Plan No. 7 of 1953. The Defense Department will continue to administer military assistance and the Foreign Operations Administration will continue to carry out other types of aid. The State Department will give overall foreign policy guidance. It is to be noted, however, that one of the consequences of fixing the date for termination of the program will be to end FOA next year. In this connection, see section 62 of this report, page 82.

Whereas under present law, the Director of the Foreign Operations Administration coordinates, supervises, and directs all aid programs, his power of supervision and direction of military assistance is not continued in this bill. The bill further gives the President general authority to provide for reorganization of the program (sec. 525).

The bill makes a number of minor changes relating to personnel. Most of these changes are designed to eliminate inequities and to simplify administration. They are:

1. Present law authorizes the employment in the United States of 100 persons without regard to the provisions of the Classification Act of 1949, as amended, and of this number, 60 may be compensated at rates higher than those provided for the grade of GS-15 (\$11,800). The pending bill reduces these figures to 60 and 35, respectively (sec. 528 (b)).

2. FOA personnel overseas are given the same reemployment rights that Foreign Service Reserve officers have under section 528 of the Foreign Service Act (sec. 528 (c) (1) and (2)). The same section makes it clear that FOA overseas personnel paid at Foreign Service Reserve rates are to receive hardship post differentials.

3. Under the present law, FOA overseas personnel are appointed by the Secretary of State under the Foreign Service Act. The pending bill provides for their appointment by the Director of FOA (sec. 528 (c) (2)). These appointments may be made "for the duration of operations under this act," so that Foreign Service Reserve appointments would not be subject to the 4-year limitation of the Foreign Service Act.

4. Under existing law, when any United States Government agency details one of its employees to a foreign government or an international organization for the purposes of the mutual security program, the agency must be reimbursed, out of mutual security funds, for the detailed employee's salary, allowances, and benefits. Under the pending bill (secs. 529 (b) and 530 (b)), the detailing agency could pay the employee out of its own funds.

5. The bill provides that when a United States Government employee is detailed to an international organization, the United States may be reimbursed, among other ways, by a credit to be applied against its share of the organization's expenses (sec. 530 (c) (4)). This conforms to the current practice with regard to NATO.

6. Under the pending bill, when experts and consultants are employed outside the United States they may be paid per diem in lieu of subsistence and other expenses at rates prescribed by the Standardized Government Travel Regulations (Foreign Areas) (sec. 531 (a)). They are now paid the domestic rate of \$10 a day.

7. The bill also makes provision for the employment without compensation of "persons of outstanding experience and ability" under the same conditions as those prescribed in the Defense Production Act (sec. 531 (b)).

8. The security clearance provisions of the present law provide, among other things, for certification by the Director that an employee "has never been a member of any organization advocating" disloyal views. The present bill reenacts existing security clearance provisions intact except that the Director's certification must be that an employee "has never *knowingly* been a member" of disloyal organizations (sec. 532). This change has been made in view of the Supreme Court decision in *Wieman v. Updegraff* (344 U. S. 183).

9. The bill spells out the President's authority to appoint a permanent representative to NATO, with the rank of ambassador, to be confirmed by the Senate (sec. 408 (b)). Provision is also made to permit the continued employment of Foreign Service Reserve officers detailed to NATO without regard to the 4-year limitation of the Foreign Service Act (sec. 408 (c)).

10. Finally, the bill makes two changes in the penal provision (sec. 512) which prescribes penalties for payments to employees or (within 2 years) former employees in connection with procurement under the act. First, it includes nonmilitary as well as military procurement. Second, it applies only to cases in which the employee or former employee acted during his employment in connection with the particular procurement involved.

49. OFFSHORE PROCUREMENT (SECS. 103 (C) AND 510)

Offshore procurement policy is dealt with in two sections of the bill. Section 103 (c) covers military assistance and section 510 covers commodities used in defense support, Korean relief and rehabilitation, and development assistance.

Section 103 (c) authorizes use of military assistance funds for offshore procurement of equipment or materials unless the President determines that 1 or more of 4 specified conditions will result from such procurement. These conditions are: (1) adverse effects upon the economy of the United States, with special reference to labor-surplus areas and the mobilization base, which outweigh the strategic and logistic advantages of procurement abroad; (2) inadequate protection against sabotage or espionage; (3) unjustifiable cost in comparison with procurement in the United States, taking into account transportation costs for delivery overseas; and (4) unacceptable delays in delivery. Section 510 lays down analogous conditions for offshore procurement of commodities in nonmilitary programs.

Insofar as military assistance is concerned, the basic purpose of the offshore procurement program, which got underway in fiscal 1952, is to help restore the European munitions capacity which was largely destroyed by the war, and without which the European countries could not possibly defend themselves. It reflected a shift in emphasis from merely giving Europe its defense weapons to strengthening Europe's capacity to manufacture its own weapons. Ammunition, for example, must be produced to feed into the guns we send abroad; and all this ammunition cannot come from the United States. Moreover, European facilities for overhaul of the equipment are essential to its proper maintenance. The demands of the Korean war were an added stimulus to the program for restoring European munitions production.

Through fiscal 1954, the planned military offshore procurement program amounted to \$3,175 million, or about 20 percent of the total appropriations earmarked for equipment and supplies. Something more than two and a quarter billion had actually been contracted for. Current offshore contracts cover 959 airplanes, 151 ships of various kinds, 618 Centurion tanks, 14,055 radio sets, 1,007 director fire control and radar sets, 547 million rounds of small-arms ammunition, 27.5 million rounds of artillery, mortar, and rocket ammunition, and 265 howitzers (155-mm.), together with supporting equipment and spare parts.

The following table shows the cumulative value of contracts placed by country through December 31, 1953:

<i>Country</i>	[In millions of dollars]	<i>Total</i>
Belgium-Luxembourg	-----	106. 2
Denmark	-----	15. 6
France	-----	1, 026. 5
Germany	-----	10. 4
Greece	-----	33. 9
Italy	-----	378. 0
Netherlands	-----	91. 3
Norway	-----	22. 6
Portugal	-----	18. 3
Spain	-----	2. 7
Switzerland	-----	50. 2
Turkey	-----	8. 5
United Kingdom	-----	450. 1
Yugoslavia	-----	5. 4
Total, Europe	-----	2, 219. 8
Formosa	-----	5. 8
Japan	-----	26. 4
Total, Far East	-----	32. 2
Total, worldwide	-----	2, 252. 0

For fiscal 1955, the amount anticipated for military offshore procurement is \$300 million, a reduction by two-thirds from the 1954 program. It will cover the following items:

<i>Worldwide</i>	<i>Millions</i>
Ammunition	\$98
Aircraft	82
Electronics	58
Ships	28
All other	34
Total	300

The committee has been impressed with the advantages to the United States of offshore procurement. It not only increases foreign productive capacity but also reduces the need for economic assistance from the United States. The committee this year, however, was concerned about the relationship of offshore procurement to economic conditions in the United States and particularly to the employment situation. The conditions which the bill sets up for offshore procurement are a reflection of this concern.

Because of the existing heavy backlog in deliveries from plants already producing defense materiel in the United States, it does not appear, however, that the allocation of some \$300 million out of total defense expenditures (domestic and foreign aid) of \$38 billion would affect the employment situation in the United States to any appreciable degree. The administration is aware of the problem, and in one instance where a distress condition existed in the small-boat building business, a \$27 million contract was shifted from Europe to the United States.

Testimony given to the committee by representatives of the Department of Defense indicated that efforts are being made to restrict offshore procurement to cases where it is essential to the estab-

lishment or maintenance of a production base to enable our allies to defend themselves.

50. LOANS (SEC. 505)

Loans provisions have been a feature of several earlier foreign-aid bills. In 1948, Congress specified that \$1 billion of foreign-aid funds should be used in the form of loans. In subsequent years no amount was designated for loans but their extension whenever practicable was continually urged. In 1951 Congress provided that not less than 10 percent of economic assistance should be given in the form of loans. This provision was repealed at the request of the administration in 1952 and there has been no specific loan provision in subsequent foreign-aid legislation, though authority to make loans has been continued.

As approved by the committee, the pending bill requires that \$150 million be used only for loans (sec. 505 (b)). Foreign currencies accruing from the sale of surplus agricultural commodities can be used for loans against this requirement. Loans, if any, made from military assistance funds cannot be counted against the \$150 million which must be taken from nonmilitary funds.

It is the expectation of the committee that the loan requirement will be met largely from funds authorized for development assistance and defense support. Technical cooperation will remain on a grant basis, but capital improvement projects which contribute directly to a country's economic wealth and development should be financed through loans wherever possible.

Subsection (b) of section 505 repeats the provisions of section 111 (c) of the Economic Cooperation Act of 1948, as amended, which named the Export-Import Bank as administering agent for the loans. One new provision has been added directing the United States Treasury to hold amounts received in repayment of interest or principal on new loans for such purposes, including further loans, as Congress may authorize from time to time.

The bill does not set specific terms for loans. The committee believes the important principle to establish is the obligation to repay, even though repayment is made over a long or indefinite period at minimal rates of interest. The committee does not expect all loans made under this provision to be of a character which could appropriately be handled through a bank.

Both Secretary Dulles and Mr. Stassen testified before the committee in favor of the loan principle. Secretary Dulles stated:

I believe that an appreciable sum, which has heretofore taken the form of grants, could be cast in the form of loans, probably repayable, for the most part, in domestic local currencies rather than foreign exchange, and I would be very happy to see a provision, and I think a suggestion either has been or will be shortly made, to your committee, for a provision that a certain amount be made available in the form of loans rather than in the form of outright grants. * * * There are cases where advances are made for economically strengthening the country, and it would seem to me wise that we should get some quid pro quo for that, even though that quid pro quo may not seem to be at the moment very valuable.

Mr. Stassen supported this view by testifying that "we should move more to loans and less to grants." The President made the same point in his message to Congress of June 23.

The committee approves the administration's attitude on this question. It urges the administrators of the program to regard the \$150

million loan requirement in section 505 not as a ceiling, but as a minimum to be exceeded as far as possible.

51. TRANSFERABILITY (SECS. 106 (d) AND 501)

Transferability provisions have been a regular part of foreign-aid bills during the past several years. Sections 106 (d) and 501 of H. R. 9678 continue this practice which gives the President certain authority to transfer funds from one geographic area to another and from one type of assistance to another. The sections on transferability in this bill follow closely the pattern set in previous legislation.

Section 106 (d) authorizes the President to transfer up to 15 percent of the value of military equipment and materials from one area to another. The value of equipment and materials subject to transferability by this section is measured by both unexpended balances re-appropriated by this bill for military assistance and the new funds authorized, with the exception of funds for infrastructure and special weapons.

Section 501 gives the President power to make other types of transfers. Subsection (a) empowers him to transfer up to 10 percent of the funds (including unexpended balances) in any one title or chapter to any other title or chapter. This means, for example, that he may transfer 10 percent of the funds appropriated for development assistance (title II) to technical cooperation (title III) or to direct-forces support (ch. 2 of title I).

Subsection (b) gives him similar authority to transfer up to 10 percent of the funds (including unexpended balances) under any section of any title, with the exception of chapter 1 of title I, from one section to another within the same chapter or title. Subsection (b) also authorizes 10-percent transfers from one geographic subdivision to another within the same section. An example of such transactions would be a 10-percent transfer of defense support amounts from Europe to the Near East and Africa.

Rarely has the world been as unsettled as it is today. The committee, therefore, feels that the transferability provided in this bill is vitally needed by the President to enable him to meet new threats and changing conditions as the national security of the United States may demand.

52. FRENCH TREATY OBLIGATIONS IN MOROCCO (SEC. 414 (b) (3))

For several years, the subject of United States treaty rights in Morocco and their violation by France has been a matter of deep concern to Congress. The latest expression of this concern was section 105 of Mutual Security Appropriation Act, 1954, which provided that—

after September 1, 1953, none of the funds herein appropriated shall be used to make up any deficit to the European Payments Union for any nation of which a dependent area fails to comply with any treaty to which the United States and such dependent area are parties * * * nor shall any of the counterpart funds generated as a result of assistance under the act be made available to such nation.

Following the adjudication by the International Court of Justice on United States treaty rights, the French Government issued a decree which it contends fulfills the decision of the court. The Department of State found that this decree falls short of full compliance

and ruled that our rights in Morocco were being violated. The United States Government thereupon took remedial action under section 105. The Department is negotiating with the French to resolve the disagreement.

The committee, however, felt that the State Department had not pursued this matter vigorously enough and accordingly provided in section 414 (b) (3) that the President—

shall insist upon full compliance by other countries or a dependent area of any country with all treaties for commerce and trade and taxes, and shall consider such treaties to be in full force and effect until they are superseded by other treaties or expire in accordance with their own terms or are specifically modified or voided by a verdict of the International Court of Justice; and, when any such treaty has been declared valid by such Court, shall take all reasonable measures under this act or other authority to assure compliance therewith and to obtain just compensation for United States citizens for losses sustained by or payments exacted from them as a result of measures taken or imposed by any country or dependent area thereof and found by such Court to violate any such treaty.

This amendment requires the President to insist upon full compliance by other countries with commercial-type treaties which they have entered into with the United States. It further directs the President to use all reasonable measures which may be available to him under this or any other law to secure compliance with treaties which have been declared to be valid by the International Court of Justice and to secure damages, when these are provable on the basis of valid and properly submitted claims, for any American citizen who has suffered as a result of unfair action in violation of such treaties.

53. FOREIGN CURRENCIES (SECS. 142 (11) AND 502)

Counterpart funds are covered in two sections of this bill which in general continue previous policies and practice. Section 142 (11) requires countries receiving commodities on a grant basis under any provision of the bill other than chapter 1, title I (dealing with military assistance), to deposit an amount equal to the proceeds accruing to them from the import or sale of these commodities. The United States Government may utilize such portion of this amount as is mutually agreed to and the remainder is to be utilized for programs, agreed to by the United States, which will carry out purposes for which new funds would themselves be available. The bill provides for the disposal of the unencumbered balances after termination of assistance by agreement with recipient countries approved by act or joint resolution of Congress.

The committee suggests that in the negotiation of any future agreements, the Administration keep in mind educational exchange activities as one of the possible uses for these balances.

Section 1415 (the Rabaut amendment) of the Supplemental Appropriations Act, 1953, provides that after June 30, 1953, counterpart funds can be expended only as provided in annual appropriations acts. No change is made in this section but section 502 of this bill provides for the continuation of two exceptions to this provision: (1) Congressional committees may continue to use counterpart funds irrespective of section 1415 to carry out their duties of legislative oversight under the Legislative Reorganization Act of 1946. A new provision requires each committee to make a "full report" of any foreign currency it uses in this manner to the House Committee on

House Administration or to the Senate Committee on Rules and Administration. The intent of this provision is to protect against abuses by insuring disclosure; it is not a limitation on the use or availability of foreign currencies. (2) Counterpart generated by section 550 of the Mutual Security Act of 1951, as amended, will remain available and may be spent for all the purposes enumerated in section 550 which are repeated in this bill.

a. Irish counterpart (sec. 143)

The committee amended the pending bill by inserting a new provision (sec. 143) which approves an agreement with Ireland for the disposition of approximately 6 million Irish pounds—counterpart which was unencumbered at the time the economic assistance program was discontinued.

It will be recalled that section 115 (b) (6) of the Economic Cooperation Act of 1948, as amended, provides that counterpart funds generated by United States assistance which may be unencumbered at the termination of an aid program may be disposed of according to agreement between the United States and the country holding the counterpart funds in a special account. That section requires that such agreement is to be subject to congressional approval.

On June 17, 1954, the American Ambassador to Ireland, William H. Taft III, and a representative of the Irish Government signed an agreement whereby they agreed that the remaining counterpart should be used for the following purposes:

(i) scholarship exchange between the United States and Ireland, (ii) other programs and projects (including the establishment of an agricultural institute) to improve and develop the agricultural production and marketing potential of Ireland and to increase the production and efficiency of Irish industry, (iii) development programs and projects in aid of the foregoing objectives.

Informal agreement has been reached spelling out in detail the specific types of projects falling within each of these categories. The committee expects the scholarship exchange program to be administered in accordance with Public Law 584, 79th Congress.

The committee wishes to commend the administration for its close consultation with the Committee on Foreign Relations in working out the terms of this agreement, the administration having met with the Subcommittee on European Affairs on several occasions in connection with this matter.

b. International educational exchange (sec. 514)

The committee added a new provision to the bill (sec. 514) requiring that—

Foreign currencies or credits owed to or owned by the United States, where arising from this act or otherwise, shall, upon a request from the Secretary of State certifying that such funds are required for the purpose of international educational exchange activities under programs authorized by section 32 (b) (2) of the Surplus Property Act of 1944, as amended, be reserved by the Secretary of the Treasury for sale to the Department of State for such activities on the basis of the dollar value at the time of the reservation.

Public Law 584, 79th Congress, authorizes educational exchange programs with foreign countries, financed by foreign currencies arising from the sale of surplus property abroad. By section 11 of the Mutual Security Act of 1952 an additional source of funds was made available, from foreign currencies arising from any source. This provision is continued in effect by this bill.

The Agricultural Trade Development and Assistance Act of 1954 provides, in section 104 (h), that foreign currencies accruing from the sale of agricultural commodities under that act shall also be available without reimbursement to the Treasury for the purposes of financing international educational exchange activities under Public Law 584, 79th Congress.

Public Law 584, 79th Congress, authorizes the Secretary of State to enter into executive agreements with other countries for the purpose of providing international educational exchange programs. The law contemplates that such programs would operate over a period of years. Existing agreements vary considerably in terms of years and amounts. Some country programs are in jeopardy because of the depletion of foreign currencies arising from the sale of surplus property. For example, such currencies are no longer available in Turkey and a similar situation is in prospect in the immediate future in Egypt and India. Altogether, exchange programs will expire in the following eight countries by 1956 unless additional foreign currencies become available: Ceylon, Egypt, India, Iraq, Pakistan, Sweden, Thailand, and the Union of South Africa.

Although foreign currencies and credits under the Foreign Operations Administration are being generated in many countries (and additional credits may result from the implementation of the Agricultural Trade Development and Assistance Act of 1954), the policy of the Treasury Department is to assign these currencies to agencies and programs on a "first-come, first-served" basis. As this policy is applied to the exchange-of-persons program under Public Law 584, it inhibits the extension of existing agreements and the negotiation of new ones. The Treasury policy is concerned with the rapid utilization of foreign currencies as they arise, whereas Public Law 584 contemplates the setting aside of currencies for long-term purposes. Public Law 584 contemplates, and as a practical matter it is necessary, that agreements be negotiated with foreign countries for the use of currencies over a period of years. Thus the availability of foreign currencies must be assured before agreement with a foreign government is possible, and it cannot be so assured unless the currencies or credits are set aside or earmarked by the Treasury for that purpose.

The purpose of this amendment is to require the modification of the Treasury policy so as to permit the reservation of foreign currencies on hand or to be received for the purpose of agreements under Public Law 584. This will permit the expression and implementation of the intent of Congress in providing for the use of foreign currencies and credits over a period of years for the purposes of international educational exchange programs. As foreign currencies become available such amounts as may be necessary should be earmarked for the continued future operation of existing programs and for the initiation of new programs with additional countries.

This amendment does not provide an exemption from section 1415 of the Supplemental Appropriation Act, 1953 (66 Stat. 662) and section 1313 of the Supplemental Appropriation Act, 1954 (67 Stat. 438). The expenditure of foreign currencies would remain subject to annual appropriations to the same extent as at present.

However, the reservation of the currencies, by the Secretary of the Treasury, upon certification by the Secretary of State, in advance of actual expenditure under appropriations, would not be subject to

or limited by appropriation. This is in keeping with the intent of Congress, as expressed in Public Law 584. It is also in accord with section 1313 of the Supplemental Appropriation Act, 1954, which provided that the requirement of the appropriation of foreign currencies should not be construed to prevent the making of new or the carrying out of existing agreements under Public Law 584.

54. SURPLUS AGRICULTURAL COMMODITIES (SEC. 402)

Section 550 of the Mutual Security Act of 1951, as amended last year, provided that not less than \$100 million or more than \$250 million of the funds appropriated should be used to finance the purchase of surplus agricultural commodities to be sold to friendly countries for local currencies. The use of the local currencies was exempted from the Rabaut amendment to the Supplemental Appropriation Act, 1954, but could be spent only for the purpose of the Mutual Security Act, particularly for military assistance.

Agreements have been or are about to be concluded with 12 nations for the sale of surplus agricultural commodities. The following table shows the present status of the section 550 sales program:

Section 550 sales program in fiscal year 1954—Source of funds and use of local currency sales proceeds

[In millions of dollars]

Country	Section 550 sales program	Source of funds		Use of local currency sales proceeds		
		MDAP	Other	Mutual defense assistance ¹	Mutual defense support	Developmental assistance
Afghanistan.....	1.45		1.45			1.45
Finland.....	5.0	5.0				
Formosa.....	10.0	5.0	5.0	5.0	² 5	
France.....	15.85	10.85	5.0	10.85		³ 5.0
Germany.....	15.0	10.0	5.0		⁴ 20	
Israel.....	1.2		1.2			1.2
Japan.....	50.0	50.0		40.0		10.0
Netherlands.....	4.0	4.0			4	
Norway.....	2.1	2.1		2.1		
Spain.....	15.0		15.0		15	
United Kingdom.....	65.0	60.0	5.0		60	³ 5.0
Yugoslavia.....	15.0		15.0	5.0	10	
Other.....	12.0	12.0		12.0		
Total.....	211.6	173.95	37.65	74.95	114	22.65

¹ Available for OSP contracts, deliveries against which may go to other countries.

² Tentatively programed for purchase of Finnish commodities for relief of Berlin refugees.

³ For DOT programs.

⁴ Includes \$5,000,000 of local currency proceeds from section 550 sales to Finland.

Section 402 of the present bill earmarks not less than \$350 million for the purchase of surplus agricultural commodities. It is made clear that this is in addition to surplus commodities transferred under the Agricultural Trade Development and Assistance Act of 1954. It is also made clear that foreign currencies arising from the sale of commodities under this section are to be used so far as practicable for the same purpose for which the dollars used to finance the purchase of the commodities were originally programed. This provision will insure that if, for example, direct forces support funds are used to purchase surplus agricultural commodities, the foreign currency accruing from that sale will also be used for direct forces support to the extent practicable.

55. MUTUAL SPECIAL WEAPONS PLANNING (SEC. 105)

The bill authorizes \$27 million for promoting the development of weapons of advanced design by United States allies, principally in Europe. This will continue a program begun last year for which \$50 million was appropriated against the administration request of \$250 million.

The committee last year expressed the feeling that such a fund could be useful but that the administration's plan was not "sufficiently definite and concrete" to warrant authorization of \$250 million. The committee took special pains to examine the program this year.

It finds that the fund has, in fact, been highly useful, but that the reduction made last year was entirely justified inasmuch as only \$19.2 million was obligated during fiscal year 1954. Mr. Tracy S. Voorhees, adviser to the Secretary of Defense, testified before the committee that the delay was due to the need to send a team to Europe to determine how best to utilize the fund. President Eisenhower personally approved 36 out of 41 projects in the amount of \$22 million recommended by this team. Pursuant to this approval agreements had to be negotiated covering these projects. Four additional projects totaling \$13.9 million have just been approved by the President, and these funds will shortly be obligated, bringing the total of obligations to \$33.1 million.

Despite its early misgivings and the delay in getting the program started, the committee is impressed with the possibilities of this activity and recommends the new authorization so that the fund can be kept at the level of approximately \$50 million.

Assistant Secretary of Defense Donald A. Quarles commented on this point in a letter dated July 2, 1954, addressed to the chairman of the committee, Senator Alexander Wiley, who had previously expressed interest in the program. Secretary Quarles pointed out that—

we have only scratched the surface of the pool of inventive genius available in allied and friendly countries—

and expressed the belief that the—

program can move ahead more rapidly than has been possible during the initial negotiating stages. The concept is a new one and it has taken time to arrive at an understanding with interested nations.

The basic objective of the program is to promote research, development and pilot production of advanced types of modern weapons or other forms of military equipment in allied countries. The committee was informed that a number of highly useful inventions have been found in Europe, and their further development and production will be to our distinct advantage, as well as that of our allies. During fiscal year 1955, funds will also be spent for the purchase of small quantities of United States equipment for future development and production in Europe and for testing these and special weapons developed in Europe for suitability for NATO defenses.

Atomic weapons are specifically excluded from the scope of this program (sec. 546 (b)).

56. MILITARY FACILITIES ASSISTANCE (SEC. 106 (c) (1))

The illustrative program for military assistance to Europe included \$20 million for worldwide military facilities assistance (compared to \$47 million last year).

This will be used, mainly in Europe, to develop a production base for military end items that are in immediate and continuous demand in the event of hostilities. To date, these funds have been spent only for projects for ammunition production, since in a time of war it would be impractical to supply and ship these from the United States. With the expenditure of relatively small amounts, ammunition production has been doubled in Europe. This has been accomplished mainly through furnishing machine tools and technical know-how to improve existing plants, which had suffered war damage or were otherwise incomplete. The Administration expects that another \$15 million will complete this program during fiscal year 1955. Through this program and the offshore procurement program, it is anticipated that the productive capacity of Europe in the field of ammunition will have been increased fivefold over 1949.

An additional \$5 million was included to inaugurate on a small scale a new program designed to develop facilities for the maintenance and repair of United States equipment furnished during the past 5 years and for the production of spare parts. This is in the nature of a pilot project which will approach this problem on a regional basis instead of setting up such facilities in each recipient country.

The committee is satisfied that the types of activities proposed under the military facilities assistance program are worthwhile and of benefit to the United States.

57. MUNITIONS CONTROL (SEC. 415)

The desirability of revision of the Neutrality Act of 1939 and similar legislation has been considered by the Foreign Relations Committee at various times since World War II. This was the objective, too, of S. 2720, introduced by Senator Bush on January 18, 1954, and referred to the committee. The essential features, in simplified form, of this bill have been incorporated in the Mutual Security Act of 1954 in section 415.

This section authorizes the President to control the export and import of arms, ammunition, and implements of war, including relevant technical data, and to designate what shall be considered as arms, ammunition and implements of war. It provides for the registration of every manufacturer, exporter, or importer of such items and for penalties for violation of this section or regulations issued under it.

Section 415 replaces the more cumbersome machinery set up by section 12 of the Neutrality Act of 1939, section 4 of the Helium Act of 1925, and section 968 of title 18, United States Code, which controls exports of arms to certain Latin American countries. These sections are repealed by section 542 (a) of the pending bill.

The committee emphasizes that section 415 of this bill does not in any way affect the provisions of the Atomic Energy Act. This point is specifically covered in section 546 (b) of the bill. The following memorandum from the Department of State explains in greater detail the need for this new section.

MEMORANDUM CONCERNING SECTION 415 OF THE MUTUAL SECURITY ACT OF 1954
ENTITLED "MUNITIONS CONTROL"

The provisions of section 415 of the proposed Mutual Security Act of 1954 constitute a condensed version of the munitions control legislation previously introduced in the House as H. R. 6344 and in the Senate as S. 2720. The decision to incorporate the munitions control legislation in the Mutual Security Act of 1954 was taken as the result of a suggestion by Representative John M. Vorys of Ohio. It is felt that all the essential provisions of the previously introduced bills have been retained in section 415. It should be noted that a public hearing was held February 25, 1954, on H. R. 6344, the provisions of which were identical with the provisions of S. 2720. Five representatives of industry, as well as several Government witnesses, were heard and all voiced their approval of the bill.

(a) Need for law

The provisions of section 415 of the proposed Mutual Security Act of 1954 are designed to provide a long overdue adjustment in the basic legal framework for the export and import control of munitions items. The law under which export and import controls are presently administered in this specialized field by the Department of State is section 12 of the Neutrality Act of 1939. The need for revision of this law has increasingly become more urgent because we are today faced with a totally different technical, military, and political situation from that which existed in the 1930's when the Neutrality Acts were passed. Because of the antiquated provisions of the Neutrality Act, difficulties in the control machinery frequently develop benefiting the dishonest and penalizing the legitimate operator or trader.

(b) Lack of import authority

While the Neutrality Act empowers the Secretary of State to license the import of arms, ammunition, and implements of war, there is no legal basis for refusing a license. Under section 415, such imports can be curtailed when such action is necessary in the interest of national security or foreign policy.

(c) Enforceability

During the past few years questions have been raised as to the enforceability on certain classes of individuals. The Attorney General has pointed out that subsection 12 (b) of the Neutrality Act requires only those persons to register who are engaged in the business of exporting and importing arms and that this provision "presents some basis for real doubt as to whether nonbusiness exporters were to be covered at all by the Neutrality Act of 1939." He has recommended remedial legislation of this kind be expedited "as much as reasonably possible."

(d) Cumbersome and unwieldy aspects of present law

The experience of the Office of Munitions Control of the State Department in administering section 12 of the Neutrality Act has shown it to be unwieldy and cumbersome. The National Munitions Control Board with its insignificant functions is unnecessary. The Hoover Commission in its 1949 report recommended the abolishment of such boards.

Subsection (h) of section 12 calls for semiannual reports to Congress including the listing of the name of the purchaser and the terms of sale involved in each export license no matter how insignificant the shipment might be. Compilation of such information in the required semiannual reports constitutes an unnecessary administrative and financial burden and is of little interest to recipients of the report.

(e) Hardships of present law

Section 12 does not permit the issuance of general licenses which the Department from time to time would have found desirable to make available to exporters of articles of low military potential. The use of general licenses, in various circumstances, would ease the burden now imposed on the exporter and the Department of State alike by eliminating the requirement that a specific license document be obtained for each individual shipment.

Deficiencies and lack of flexibility in existing United States laws have frequently been a source of embarrassment in consultations with other governments with respect to securing more effective controls of arms shipments to disturbed areas.

58. SALES OF MILITARY EQUIPMENT (SEC. 107)

The bill continues authority for the Government to sell military equipment, materials, and services to foreign governments under specified conditions. There are only three changes made in existing law:

1. Existing law requires the purchasing nation to pay cash in advance, or, "when the President determines it to be in the best interests of the United States," within 60 days after delivery (Mutual Defense Assistance Act, sec. 408 (e) (2)). The pending bill would authorize the President to extend credit terms up to 3 years.

2. Existing law provides that when excess equipment or materials are sold, the price must be at least (1) the cost of rehabilitating or modifying the equipment plus 10 percent of the original gross cost or the scrap value, or (2) the market value, if ascertainable, whichever is greater. The bill eliminates the element of original gross cost and provides that price be computed on the basis of (1) rehabilitation cost plus scrap value, or (2) market value, if ascertainable, whichever is greater. This new formula will result in a lower minimum price in certain cases.

3. Existing law places a limitation of \$700 million on the value of contracts for the sale of military equipment that can be outstanding at any one time. There is no limitation in the present bill.

In the judgment of the committee, provision for sale of military equipment to friendly nations has been beneficial. A total of \$678 million worth has been sold to 46 countries, with Canada by far the largest purchaser. The changes made in the legislation in the pending bill should further increase the utility of the sales program.

The program is not designed to put the United States Government in the business of selling munitions. On the contrary, it provides a means whereby this Government can check on the military purchases in the United States of other governments. And it further provides a means whereby other friendly governments which are willing to pay for their military equipment can do so.

59. TECHNICAL EXCHANGE PROGRAMS

The committee feels that more vigorous efforts should be made to eliminate overlapping between the technical cooperation programs of FOA involving the exchange of persons and the exchange activities authorized by the United States Information and Educational Exchange Act of 1948 carried out by the State Department. Section 302 of the bill specifies that:

The term "technical cooperation programs" does not include such activities authorized by the United States Information and Educational Exchange Act of 1948 (62 Stat. 6) as are not primarily related to economic development.

The committee believes that FOA has sometimes interpreted its mandate for technical cooperation programs so broadly as to encompass practically all activities which may be ultimately related to the development of the economic resources and productive capacities of other countries. In authorizing legislation for development assistance and technical cooperation, the intent of Congress was that such activities be oriented toward specific economic and technical objectives, leaving the noneconomically oriented activities authorized by the Smith-Mundt Act to the more permanent program carried out by

the State Department. In short, the FOA program should provide the technical and economic framework for a mutual-security program, and the State Department's exchange program should continue to concern itself with the building up of a climate of public opinion in which our total foreign-relations program can operate successfully and effectively. These objectives are quite clear in the respective legislative authorizations and overlapping should be kept to a minimum.

At the same time the committee recognizes that some specific activities involving exchanges of persons may serve both objectives, thus making it difficult to draw hard and fast lines between the two programs. For example, the committee notes that FOA is bringing foreign labor leaders to this country "to observe the practical operations of collective bargaining in an industrial economy." The State Department is also bringing in labor leaders from abroad.

The committee believes that FOA should limit its activities in this respect to bringing in foreign labor personnel for training or observation of skills, techniques, and industrial and trade-union organizational matters directly related to economic development programs in their countries.

In cases in which FOA may have funds available for purposes that border on those covered by the Smith-Mundt Act, it might be appropriate for the FOA to arrange for the Department of State to handle such projects.

The committee stresses its belief that close coordination between these two programs is essential so that their combined activities will best serve United States foreign policy interests.

FOA should also limit its activity of bringing foreign journalists to the United States to publicize and otherwise support developing productivity programs in their home countries, or such activity carried on by the State Department. The committee understands that FOA is discontinuing these activities. It is expected that FOA will also discontinue other exchange activities which encroach upon the exchange programs of the State Department.

It is expected, of course, that these distinctions will be reflected in the preparation and submission of annual appropriation requests.

60. ASSISTANCE TO INTERNATIONAL ORGANIZATIONS (SEC. 416)

The Mutual Security Act of 1951, as amended, authorized assistance to NATO, the European Coal and Steel Community, and EDC whenever it evolved. The Economic Cooperation Act of 1948, as amended, authorized similar assistance to the Organization for European Economic Cooperation and the European Payments Union. This authority is retained in the pending bill and is broadened somewhat to include—

any central institution or other organization formed to further purposes declared in this act, or to any member thereof in connection with the operation of such institution or organization, to be used to facilitate trade and payments or to stimulate private initiative and investment in economic development.

The committee feels that this authority is wise and consistent with the Senate's advocacy of greater European unification. It believes that assistance to these organs which bind Western European nations together may well help to accelerate European unity. Such broader authority might also conceivably be used to further international cooperation in other areas.

61. COMMERCIAL AND TAX TREATIES (SEC. 414 (B) (2))

With two clarifying changes, the bill reenacts provisions of existing law relative to encouraging and facilitating participation by private enterprise in achieving the purposes of the act.

Existing law (sec. 516 (d) of the Mutual Security Act) directs the Department of State to—

accelerate a program of negotiating treaties of commerce and trade, or other temporary arrangements where more suitable or expeditious, which shall include provisions to encourage and facilitate the flow of private investment to countries participating in programs under this act.

In the present bill, this provision is directed to the President instead of the Department of State. The committee has deleted the phrase “or other temporary arrangements where more suitable or expeditious.” This will make it clear that the bill does not contain advance authorization of executive agreements on this subject and that its intent is limited to treaties, entered into with the advice and consent of the Senate.

The committee has also added a phrase “including tax treaties” to emphasize its belief that appropriate taxation arrangements can make a significant contribution in stimulating private investment.

62. TERMINATION DATES FOR MILITARY AND ECONOMIC ASSISTANCE (SEC. 503)

Since 1948 there has been an independent Government agency charged with administering foreign-aid programs. First was the Economic Cooperation Administration. That agency was replaced by the Mutual Security Agency when the aid programs began to switch in emphasis from economic aid to military assistance. MSA was succeeded by the Foreign Operations Administration which served to coordinate military assistance programs, administer economic programs, and under Reorganization Plan 7 of last year, took over the technical assistance program.

Last year the Congress approved language in the Mutual Security Act of 1951, which provided:

After June 30, 1954, * * * none of the authority conferred by this Act or by the Mutual Defense Assistance Act of 1949, as amended, may be exercised. * * *

Provision was made for a 24-month period during which the economic programs were to be liquidated and 36 months for the liquidation of the military programs. Provision was also made for the President, prior to the expiration period, to transfer to—

other departments, agencies, or establishments such duties and authority as might be necessary for the purpose of liquidation. * * *

The committee felt this year that a further extension of certain military and economic assistance programs was necessary. It desired, however, to make it clear that the time has come when such programs as may be necessary in the future should be presented to the Congress by the regular agencies of the Government and should not serve as the basis for the continuation of an independent agency of Government—currently the Foreign Operations Administration.

The committee is not critical of the Foreign Operations Administration as such. It was aware, however, that most of the sums authorized for military assistance have been the operating responsi-

bility of the Department of Defense for several years. It believed also that as a general rule it is unwise for foreign economic programs and the coordination of foreign military assistance programs to be undertaken outside the immediate purview of the Department of State.

In order to meet this situation, the committee adopted an amendment (sec. 503). This amendment states that authority conferred by titles I and II of this act may not be exercised after June 30, 1955, except so far as may be necessary to liquidate the programs authorized by those titles. The amendment thus provides that there be no additional military or economic development assistance authorized after June 30, 1955, at which time the liquidation provisions will come into effect.

The committee wishes to make it clear that it should not be inferred from this action that the Congress is stating that there are to be no more military or economic assistance programs in the future. It does assert, however, that if affirmative action is needed, it must be taken by the President to establish that such programs are essential in the future. Thus, if the President finds it necessary next year, upon the advice of the Departments of State and Defense, to continue military and/or economic assistance, he can so recommend to the Congress.

With respect to the liquidation provisions, insofar as military-type assistance covered in chapter 1 of title 1 is concerned, expenditures, transfers, and obligations of funds appropriated this year may continue to be made for 24 months beyond June 30, 1955. Insofar as other funds authorized by titles I and II are concerned, the period for which expenditures, transfers, and obligations may occur is 12 months. By fixing the final liquidation dates at 24 months for military assistance and 12 months for economic assistance, the committee is giving effect to the action of Congress last year when it fixed the termination date of June 30, 1954, and provided for 36- and 24-month periods for termination of the respective programs.

The committee felt that if no termination date were included in the legislation, the tendency would persist to think of military and economic assistance programs of the type authorized in titles I and II of the bill as continuing indefinitely into the future. It also had in mind that foreign-aid programs, if they are to be continued, must be put on a basis requiring presentation by permanent agencies of this Government, the Departments of State and Defense, and not an independent agency.

It will be noted that the committee did not set a termination date for the technical cooperation program and for miscellaneous other programs covered in title IV of the bill. Each of these programs must be justified on a yearly basis. Their location in the executive hierarchy, except for the technical cooperation program (point 4), is left to the discretion of the President. It is to be expected that most of these programs will be administered within the framework of the Department of State since there will be no independent agency operating in the field of foreign economic or military assistance.

The committee gave particular attention to the technical cooperation program. It felt that this program should be administered by the Department of State. Provision is made, therefore, for the programs authorized by title III of the bill to be administered after next June 30 through the Secretary of State (sec. 521 (b)).

APPENDIX

SECTION-BY-SECTION ANALYSIS OF BILL REPORTED BY SENATE FOREIGN RELATIONS COMMITTEE

The purpose of this analysis is to enable Members of the Senate quickly to determine the purpose of each section of the bill. This description has been prepared by the executive departments. Its publication by the committee does not in any way constitute committee approval of the material.

NOTE.—Throughout the analysis the following abbreviations are used:

MSA for Mutual Security Act of 1951, as amended.

MDAA for Mutual Defense Assistance Act of 1949, as amended.

ECA for Economic Cooperation Act of 1948, as amended.

AID for Act for International Development, as amended.

THE MUTUAL SECURITY ACT OF 1954

TITLE I—MUTUAL DEFENSE ASSISTANCE

CHAPTER 1. MILITARY ASSISTANCE

Section 101. Purpose of chapter

This section states the policy and purpose of chapter 1 of title I of the bill. It is declared to be the policy of the United States to strive for international peace and security through the United Nations. The purpose of the chapter is to promote the foreign policy, security and general welfare of the United States by authorizing measures in the common defense. Among the measures specified in the chapter are the furnishing of military assistance to friendly countries and international organizations and the sale of military equipment, materials, and services to such countries and organizations. The statement of purpose includes a reaffirmation of previous expressions of the Congress favoring the creation of a joint organization for the protection of the security and independence of the free peoples of the Far East. There is also a restatement of congressional opposition to the seating of Communist China in the United Nations and a request by the Congress to the President for his recommendations in the event of such seating.

Except for the statement about the seating of Communist China in the United Nations, the section is taken mainly from the declaration of policy contained in the Mutual Defense Assistance Act of 1949, as amended, and from section 2 of the Mutual Security Act of 1951, as amended. The objective has been to place in one section all of the relevant language from existing legislation pertaining to the

purpose of military assistance. Certain portions of existing law have been deleted in the interest of simplification or in order to confine this section to statements dealing with the administration of programs authorized under this title.

Section 102. General authority

This section consists of a general statement of the authority to provide military assistance. The main elements of the authority are (a) military assistance may be furnished by grant, by loan, or under other appropriate terms which may be agreed upon with recipients; (b) recipients may be nations or international organizations; (c) assistance may include the transfer of equipment, materials, and services, and procurement may be from any source, within or outside of the United States. Subject to any applicable regional conditions specified in section 106, military assistance may be furnished to any nation from which the assurances required by section 142 are obtained.

The general authority to furnish assistance is limited as to the provision of services in that Department of Defense personnel may be detailed solely to assist in an advisory capacity or to perform other duties of a noncombatant nature, including military training or advice. The objective of this provision is to limit the activities of military assistance advisory groups to the kind of assistance rendered by MAAG's in the past and at present, including assistance of the kind given to Greece by the mission of General Van Fleet.

The section is based on MDAA section 401, but the language therein has been clarified in two respects by the addition of the phrase "on a grant or loan basis and upon such other appropriate terms as may be agreed upon." One purpose of the addition is to confirm the authority to lend equipment. Second, although authority to furnish military assistance upon "appropriate terms" is implicit in the MDAA language, it has been thought useful to express such authority. The phrase "international organizations" likewise adds no authority beyond what is currently available, but for the sake of completeness and consistency with section 101 it is inserted here. The language of the limitation on services is taken from paragraph (3) of the preamble of the Greek-Turkish Aid Act and from MDAA section 406 (b).

Section 103. Authorizations

(a) *Authorization of appropriation for regular military assistance.*— This subsection authorizes the appropriation of a sum for carrying out the purpose of chapter 1 of title I throughout the world. This sum includes all the new money for military assistance except the amounts authorized to be appropriated under section 104 for infrastructure and under section 105 for the development of weapons of advanced design. It also includes administrative funds for chapter 1 of title I and funds for contributions to NATO military organizations. The subsection authorizes the carryover of unexpended balances of previous appropriations for military assistance, except those appropriated for mutual special weapons planning, which are covered in the carryover provision of section 105. The pattern established by the Congress for the distribution of military assistance among the several geographic areas is continued by this bill in section 106 in the form of delivery ceilings for Europe; the Near East, Africa, and South Asia; the Far East and the Pacific; and the Western Hemisphere. The use of a single global appropriation does away

with the necessity for maintaining four sets of appropriation account books, as required in the past when funds for each area were separately authorized.

The bill provides that both new funds and funds carried over from previous years are authorized to be continued available through June 30, 1955. This single year authorization for the regular military assistance funds is in contrast to the authorization for an appropriation of no-year funds for infrastructure (sec. 104) and weapons of advanced design (sec. 105).

(b) *Administrative expenses.*—This subsection provides that the funds used for administrative and operating expenses of the mutual defense assistance program shall be taken from the funds made available under section 103 (a) for the program. The present law uses the same device but military assistance program funds have been the source of administrative funds both for the military assistance programs and for programs of economic and technical assistance. In this bill, administrative funds for carrying out the mutual-security program are divided into two parts. One part, for the administration of the military-assistance program, as described above, is contained in the authorization under section 103 (a). The other part, containing the administrative funds for all other programs under this bill, is included in a separate authorization request for the purpose in section 411.

The language of the subsection is based upon the corresponding portion of MSA section 521. The phrase "and operating" is new to this provision but it merely reflects existing fiscal practices for this program.

Section 103 (c)

(c) *Offshore procurement policy.*—Subsection (c) is a new provision. It states the policy that military assistance funds may be used for offshore procurement unless the President determines that one or more of four specified conditions will result from such procurement. These conditions are briefly: (1) adverse effects upon the economy of the United States, with special reference to labor-surplus areas, which outweigh the strategic advantages of procurement abroad, (2) inadequate protection against sabotage, (3) unjustifiable cost, taking into account overseas delivery costs, and (4) delays in delivery.

Section 104. Infrastructure

This section authorizes participation by the United States in the acquisition or construction of facilities in foreign countries for collective defense. In the North Atlantic Treaty area, where this authority has been used to date, these facilities are called infrastructure and they consist of airfields, communications networks, port facilities, and the like, used in common by NATO forces. Subsection (a) provides a specific authorization for appropriations for NATO infrastructure. Unexpended funds previously appropriated and now earmarked for NATO infrastructure contributions (except \$140 million which was appropriated by the Second Supplemental Appropriation Act, 1953) will be consolidated under this bill with the general military assistance appropriation authorized by section 103 (a).

The specific authorization for appropriations for NATO infrastructure is new to mutual security legislation. In previous years such funds were part of the regular European military assistance program. The reason for the change is that the NATO countries

have agreed upon a 3-year infrastructure program and have fixed the share to be contributed by each country. This 3-year program will complete the NATO infrastructure program as now planned, of which the total United States share is \$780 million. Accordingly, subsection (a) contains an authorization for appropriations which would cover the unfunded portion of the United States share of this NATO infrastructure program. An appropriation for the full amount authorized will not, however, be requested this year. The fiscal year 1955 appropriation request will be \$122.7 million. Subsection (a) provides that the remaining portion of the total authorized may be requested in installments prior to June 30, 1958. All such installments are authorized to be made available until expended.

Subsection (a) limits United States contributions to NATO infrastructure to the proportionate share of the United States as already agreed upon.

Subsection (b) deals with non-NATO collective defense facilities programs. Although no such programs are now contemplated, this subsection authorizes the President to use other military assistance funds, or local currencies made available to the United States through the sale of surplus agricultural commodities, up to a total of \$50 million, for the acquisition or construction of facilities in foreign nations for collective defense other than NATO programs.

Subsection (c) provides that no funds other than those mentioned in section 104 may be expended for infrastructure, whether NATO or non-NATO. It continues the prohibition contained in MSA section 521 against rental or purchase of land or payment of taxes in connection with infrastructure programs.

Section 105. Development of weapons of advanced design

This section authorizes an appropriation of funds, to be available until expended, to be used exclusively for the purpose of encouraging and expediting the development of weapons of advanced design by nations or international organizations eligible to receive military assistance. It is contemplated that a variety of methods will be employed under this section in order to expedite foreign weapons development, including the financing of foreign research and development and the making available of United States items for testing and further development.

This section corresponds in part to MSA section 542 (pertaining to mutual special weapons planning). That part of MSA section 542 relating to the furnishing of United States special weapons has been deleted because it is covered by the general authority under sections 102 and 103 to transfer United States or foreign weapons (which includes weapons of advanced design) to foreign nations or international organizations. A carryover provision has been added to section 105 consistent with the desire of the Congress last year that funds for this purpose be kept separate from other military assistance funds. The Presidential determinations contained in the present MSA section 542 have been omitted because they substantially duplicate similar requirements in section 142 which are applicable to all forms of military assistance.

There is continued in the bill in section 546 (b) the restriction, applicable to all forms of assistance, that nothing in the bill shall alter, amend, revoke, repeal, or otherwise affect the provisions of the Atomic Energy Act of 1946, as amended.

Section 106. Conditions applicable to military assistance

(a) *Global conditions.*—This subsection is new. It sets forth certain global conditions which are to govern the furnishing of military assistance with funds appropriated under the authority of chapter 1. These conditions require the President to satisfy himself (1) that the increased ability to defend itself of any nation receiving grant military assistance is important to the security of the United States, (2) that equipment and materials so furnished are made available solely to maintain the internal security and legitimate self-defense of the recipient nation, or to permit it to participate in the defense of its area, or in collective security arrangements and measures consistent with the United Nations Charter, and (3) that such equipment and materials will not be used to undertake any act of aggression.

(b) *Special regional conditions.*—This subsection contains four special provisions applicable to the furnishing of grant military aid in particular areas.

Paragraph (1) is concerned with the problem dealt with last year in the Richards amendment. It provides that after the delivery to countries which have signed the EDC treaty (Belgium, Federal Republic of Germany, France, Italy, Luxembourg, and the Netherlands) of equipment and materials of the value programed for those countries through fiscal year 1953, no further deliveries may be made to any such country which has not ratified the treaty. It further provides that additional equipment and materials may be delivered to any country which has ratified the treaty only if that country has joined with other ratifying countries in or is participating in the development of collective defense programs, such as NATO, in a manner satisfactory to the President. The amendment does not apply to programs such as the regional military facilities assistance program which is programed for the European area as a unit and is not "programed for nations". Whenever all signatory nations have ratified the treaty, all equipment and materials programed for such nations may be delivered to them or to the European Defense Community.

Paragraph (2) provides that military aid furnished to nations in the Near East, Africa, and South Asia beyond that required to permit such nations to maintain their internal security and legitimate self-defense can be furnished only to permit participation in defense arrangements for their areas in which the President finds the recipient nation is required to take an important part.

Paragraph (3) directs that in supplying military aid and in carrying out section 121 of this bill (relating to Southeast Asia and the Western Pacific) assistance shall be given to the free peoples of the Far East and the Pacific in any efforts that may be made to create a joint organization consistent with the United Nations Charter, to establish a program of self-help and mutual cooperation designed to develop their economic and social well-being, to safeguard basic rights and liberties, and to protect their security and independence.

Paragraph (4) merely continues in force the restriction now contained in MSA section 401 that military assistance furnished to the other American Republics out of funds appropriated pursuant to that section—

may be furnished only in accordance with defense plans which are found by the President to require the recipient country to participate in missions important to the defense of the Western Hemisphere.

(c) *Geographic delivery ceilings.*—In order to continue the pattern established by the Congress for the distribution of military assistance among the several geographic areas there has been placed in this subsection a delivery ceiling on assistance to countries or organizations in each of four geographic areas—Europe (excluding Greece and Turkey); the Near East (including Greece and Turkey), Africa and South Asia; the Far East and the Pacific; and the Western Hemisphere. The ceiling covering each area is the sum of the amounts made available for military assistance in the area in previous years plus the appropriate portion of the global total of new funds authorized to be appropriated by section 103 (a). This ceiling would not include funds earmarked for purposes other than deliveries of equipment, materials, and services, such as administrative and Battle Act expenses, NATO contributions, escapees, and so forth. The Secretary of Defense is required to make sure that the value of the equipment and materials furnished to countries or organizations in each area, as determined pursuant to section 545 (h), do not exceed the ceiling. In the case of Europe, the new money figure does not include infrastructure and NATO military organizations contributions, but does include the full amount for the facilities assistance program.

(d) *Administration of delivery ceilings.*—The first sentence of this subsection gives the President authority to adjust the delivery ceilings prescribed in subsection (c).

The bill would permit not to exceed 15 percent of the sum of (1) that portion of the unexpended balances of previous appropriations for any area available on June 30, 1954, and (2) the amount specified from new money for deliveries of additional assistance for that area to be used for additional assistance in any other such area or areas.

The last two sentences of subsection (d) recognize certain problems in establishing geographic area delivery ceilings. The ceilings cover appropriations for military assistance beginning as far back as 1947. The value of these appropriations must be adjusted in computing the ceilings by taking account, among other things, of the facts that the original appropriations included certain special purpose funds, and that transfers have been made to and from appropriations earmarked for a certain geographic area. Accordingly, the subsection provides that funds heretofore obligated or programed or hereafter made available solely for infrastructure or the program for developing weapons of advanced design shall not be included in the delivery ceilings. Similarly, it is provided that funds transferred under MSA section 513 (a) (formerly sec. 513) or MDAA section 408 (c) (repealed by the MSA in 1951) from funds of a particular geographic area shall be counted in the delivery ceiling of the area to which transferred and not counted in the ceiling of the area from which transferred. These statutory instructions regarding the manner of computing the ceilings are not intended to cover all adjustments which may be necessary.

Section 107. Sale of military equipment, materials, and services

This section authorizes the President to sell, or make procurement contracts for the sale of, equipment, materials, and services to nations and international organizations in order to carry out the purpose of chapter 1 of title I. Such purpose includes the objective of achieving standardization of military equipment among allies of the United States.

Subsection (a) provides that before transferring equipment to a nation which has not signed an agreement under section 142 of the bill or joined with the United States in a regional defense arrangement, the President shall have received assurances that the equipment will be used for peaceful purposes and that such nation will not undertake any act of aggression. The language of subsection (a) is taken, without change in substance, from MDAA section 408 (e) (1). The term "international organization" is used uniformly throughout chapter 1 of title I rather than other terms such as "international military organization" used in MDAA section 408 (e) (1).

Subsection (b) establishes the principle that purchasers must pay before delivery or, when the President determines it to be in the best interests of the United States, within 60 days after delivery, or, as determined by the President, within a reasonable period not to exceed 3 years. The minimum prices which may be charged in the sales program are identical for the various categories of equipment with the values (defined by sec. 545 (h)) to be reimbursed to an agency furnishing equipment under the grant military assistance programs; except that, in the case of equipment excess to the mobilization reserve, the minimum price is fixed at (a) the rehabilitation cost plus the scrap value or (b) the market value, if ascertainable, whichever is greater. If the Government enters into a contract for new production or rehabilitation work on behalf of a purchaser, the purchaser must agree to guarantee the United States against any loss on the contract. The language of subsection (b) is taken from MDAA section 408 (e) (2). There are three principal changes. First, a minimum price computed on the rehabilitation cost plus the scrap value has been substituted for two former minimum prices: namely, rehabilitation cost plus (a) 10 percent of the original gross cost or (b) the scrap value. Second, the President would have the authority to make sales on credit periods in certain cases not to exceed 3 years. Third, the monetary ceiling on the authority to make procurement or rehabilitation contracts, without cost to the United States, on behalf of foreign purchasers, has been removed, and such contracts may be made without charge to any appropriation or contract authorization.

Subsection (c) exempts the sales program from the provisions of section 106 (conditions applicable to military assistance), section 141 (conditions of eligibility for assistance), and section 142 (agreements).

Section 108. Waivers of law

Subsection (a) authorizes the President to perform functions under chapter 1 of title I without regard to (a) the provisions of title 10, United States Code, section 1262 (a), requiring the certification of the Chief of Staff of the Army that military equipment and materials proposed for disposition are not essential to the defense of the United States; (b) the provisions of title 34, United States Code, section 546 (e), requiring the certification of the Chief of Naval Operations that naval equipment and materials proposed for disposition are not essential to the defense of the United States; and (c) such provisions as he may specify of the joint resolution of November 4, 1939 (22 U. S. C. 441-457), known as the Neutrality Act of 1939. The language of subsection (a) is taken from MDAA section 407 (b) without change in substance.

Subsection (b) permits the detail of personnel of the Department of Defense to duty in connection with the furnishing of assistance under this bill, notwithstanding the provisions of title 10, United States Code, section 576 (forbidding an Army officer on the active list from holding any civil office). The language of the subsection is taken from MDAA section 406 (b). It is proposed to retain the word "Act" at the end of the subsection, although the original meaning would require changing "Act" to "title," in order that the Department of Defense may permit the detail of an officer, for example, to assist an FOA mission in a country where there is no Military Assistance Advisory Group or to permit assignment of an Army engineer to an FOA-financed survey project.

Section 109. Transfer of military equipment to Japan

This section would authorize the President to transfer to the Government of Japan, until June 30, 1955, upon such terms and conditions as he may specify, military equipment and supplies programed for Japan for which Department of Defense appropriations were obligated prior to July 1, 1953. The section deals with a particular program, previously discussed with Appropriations Committees of both the House and Senate, which has not been a part of the mutual defense assistance program. The section would authorize the transfer to Japan of legal ownership of certain equipment and supplies, much of which has already been made available on a loan basis. No appropriation is authorized by the section and none is needed. No funds appropriated pursuant to this bill may be used to reimburse any agency on account of any transfer made pursuant to this section.

CHAPTER 2. SOUTHEAST ASIA AND THE WESTERN PACIFIC, AND DIRECT FORCES SUPPORT

Section 121. Southeast Asia and the Western Pacific

This section authorizes an appropriation for the fiscal year 1955 for the support of the forces of countries in the Southeast Asia area, including the Associated States of Cambodia, Laos, and Vietnam, and the forces of other free nations in the area, including those of France located in the Associated States, and for other expenditures to accomplish in Southeast Asia and the Western Pacific the policies and purposes declared in the Act. The funds are available for use by the President for any kind of assistance which will further the achievement of United States objectives in this critical area, in such manner and under such terms and conditions as the President deems necessary, including the transfer of funds to reimburse expenditures of such countries in support of their forces in the area. In addition to the new appropriation authorized, the section authorizes the carryover for any of these same purposes, of unexpended balances of funds appropriated pursuant to MSA section 540 and transferred under the authority of the Mutual Security Act and the Mutual Defense Assistance Act to the support of forces in Indochina. Assistance under this section is made subject to the conditions of eligibility and the agreements provisions set out in sections 141 and 142, except that the President is empowered, where he finds it necessary in order to carry out the purposes of the Act, to waive specific agreement requirements in specific cases. Such waivers must be reported within 30 days to

the Committees on Foreign Relations, Appropriations, and Armed Services of the Senate and the Committees on Foreign Affairs, Appropriations, and Armed Services of the House.

The final paragraph of this section expresses the sense of Congress that funds appropriated under this section should not be used to aid governments which are committed by treaty to maintain Communist rule over any defined territory of Asia.

Section 122. Production for forces support

This section authorizes an appropriation for the fiscal year 1955 for the manufacture in the United Kingdom of military aircraft required by United Kingdom forces for the defense of the North Atlantic area. The funds are available for use by the President for this purpose in such manner and under such terms and conditions as he deems necessary, including the transfer of funds. In addition to the new appropriation authorized, the section authorizes the carryover for another year for their original purposes of unexpended balances of the two appropriations made pursuant to MSA section 102, one of which was for military equipment and materials for France and the other of which was for military aircraft for the United Kingdom.

The language of the section, except for the new carryover language, is taken from MSA section 102.

Section 123. Common-use items

This section authorizes an appropriation for the fiscal year 1955 of funds for common-use programs for military forces of countries receiving military assistance under chapter 1 of title I. These programs cover items, such as petroleum products, which can be used either in the civilian economy or by the military forces of a country, but which in fact are intended for military use. The section would permit these common-use programs, in accordance with prior law, to be carried out subject to the terms and conditions governing either military assistance (chapter 1) or defense support (chapter 3). Fiscal year 1954 common-use program funds are not carried over in this section but rather in the appropriate sections of chapters 1 and 3.

CHAPTER 3. DEFENSE SUPPORT

Section 131. General authority

This section states the basic authority and objectives and authorizes funds for defense support programs. It provides authority for furnishing assistance designed to sustain and increase military effort, including assistance to nations and organizations receiving military assistance. It authorizes the appropriation of funds for carrying out defense support programs in Europe; the Near East, Africa, and South Asia; and the Far East and the Pacific. It also authorizes continuation of unexpended balances of appropriations made in prior years for this purpose. In prior fiscal years, funds for Greece and Turkey have been included in appropriations for the European area, but in fiscal year 1955 it is proposed to include such funds in the appropriation for the Near East, Africa, and South Asia. Therefore, this section provides that the unexpended balances of funds allocated to the Greek and Turkish programs shall be consolidated with the appropriation authorized by paragraph (b) (2) rather than that authorized by paragraph (b) (1).

This section is taken from MSA section 503 (a) (1) and (2).

Section 132. Korean program

Subsection 132 (a).—This subsection authorizes the appropriation of funds for the bilateral Korean aid program. It authorizes defense support, relief and rehabilitation, and other necessary assistance on such terms and conditions, including transfer of funds, grant or loan, and through such agencies, as the President specifies. Special language is included to clarify the authority to continue paying ocean freight charges on relief shipments as in fiscal year 1954. The Korean program is being operated currently pursuant to terms contained in the Agreement on Aid of December 10, 1948, the Economic Coordination Agreement of May 24, 1952, and the Combined Economic Board Agreement of December 14, 1953. Unexpended balances of funds made available pursuant to the provision for relief and rehabilitation in Korea contained in chapter VII of the Supplemental Appropriation Act, 1954, are authorized to be continued available for the purpose of this section. In addition, the unobligated balance of the appropriation for civilian relief in Korea contained in title III of the Department of Defense Appropriation Act, 1954, is authorized to be continued available.

Section 132 (a) derives from the provision of chapter VII of the Supplemental Appropriation Act, 1954, which permitted the use, through any agency designated by the President, of \$200 million of Defense Department funds for relief and rehabilitation in Korea upon certification by the Secretary of Defense that such funds were saved as a result of the Korean truce.

Subsection 132 (b).—This subsection authorizes the President to charter or sell to the Republic of Korea up to eight CI-M-AVI cargo vessels. The transfer may be made under such terms and conditions as the President may specify, such as restrictions on trade with areas under Communist control. Operation of the vessels will be restricted to East Asian waters. The sales price will be calculated pursuant to the Merchant Ship Sales Act of 1946, and the transfers may be paid for out of funds appropriated pursuant to subsection (a) for aid to Korea. The proceeds will be deposited into miscellaneous receipts of the Treasury. The vessels will be made available by the Maritime Administration, Department of Commerce, from the reserve fleet, or by any other agency now in control of such vessels, and that agency will place the vessels in class upon reimbursement out of funds available under subsection (a).

Subsection 132 (c).—This subsection authorizes the appropriation of funds for making contributions to UNKRA, and provides that such funds may be expended through any other agency, including an agency of the United States Government, for relief and rehabilitation in Korea.

The provisions of this section, including the authority to utilize the UNKRA appropriation under the bilateral assistance program in Korea, are taken from the last two sentences of MSA section 303 (a).

Subsection 132 (d).—This subsection permits use in Korea of certain authority used for technical-cooperation programs, including authority to make 3-year contracts. Where necessary to accomplish the purposes of section 132, departure from the other provisions of title I is permitted.

CHAPTER 4. GENERAL PROVISIONS RELATING TO MUTUAL DEFENSE ASSISTANCE

Section 141. Conditions of eligibility for assistance

This section provides that assistance under title I may be provided to nations or organizations only if the President shall have determined that the furnishing of such assistance will strengthen the security of the United States and promote world peace. It also provides that assistance may be furnished to nations only if they shall have agreed to the applicable conditions set out in section 142, and makes it clear that the President may require, as a further condition, the negotiation of any additional commitments he deems necessary.

Section 142. Agreements

This section consolidates the requirements which nations must have agreed to before assistance under title I may be furnished to them.

Subsections (1) through (6) continue the requirements of MSA section 511 (a) for all countries receiving assistance under this title. Subsections (7) through (9) are derived from MDA section 402 and will continue to apply to countries which receive assistance under chapter 1 of title I (but will not apply to sales programs under 107, in accordance with subsec. (c) of that section). While in most cases countries receiving direct forces support and defense support under title I will also be receiving military assistance, if this is not the case it will not be necessary in the country agreement to include the assurances specified by subsections (7) through (9). Subsection (10), dealing with the furnishing of necessary information to the United States, is derived from ECA section 115 (b) (8), but that language has been expanded so that the provision covers operations under the military assistance program as well.

Subsection (11) represents an adaptation of the counterpart provisions of ECA section 115 (b). ECA section 115 (b) (6) required recipient countries in Europe to deposit local currencies in amounts commensurate in value with the assistance furnished. Section 142 (11) requires instead the deposit of amounts of local currency corresponding to proceeds which accrue to a recipient country as a result of aid it receives in the form of commodities or services which are sold in the country. In accordance with existing law, a portion of this counterpart account must be allocated to the United States. Also in accordance with existing law, unencumbered balances of the special account remaining after termination of aid to a country under title I may be disposed of only for purposes approved by the Congress.

Section 143. Irish counterpart

This section approves the disposition of the unencumbered balance of the Irish counterpart account for the purposes specified in the agreement with Ireland signed June 17, 1954. This approval is required by the final sentence of section 142. The purposes for which the counterpart is to be used are (i) scholarship exchange, (ii) other programs to develop agricultural production and marketing and to increase industrial production and efficiency in Ireland, (iii) development projects in aid of the foregoing.

TITLE II—DEVELOPMENT ASSISTANCE

Section 201. Authorization

This section authorizes the appropriation of amounts required to promote the economic development of the Near East and Africa; South Asia; and Latin America, and to assist in maintaining economic and political stability in those areas. The section authorizes the President to provide assistance "on such terms and conditions as he may specify." This permits the President to require such assurances from recipient countries as he deems desirable and to extend assistance on a grant or loan basis or on such other terms as he may specify.

The section is based on MSA sections 206 and 302 (b), which authorized special economic-assistance programs for the Near East and Africa and for India and Pakistan. The geographic coverage of MSA section 302 (b) has been extended to include the rest of South Asia; and provision has been made for development assistance in Latin America, so as to cover in particular the emergency program for Bolivia. Unexpended balances of appropriations for special economic assistance and of funds which have been allocated to the emergency program for Bolivia are authorized to be consolidated with amounts authorized to be appropriated under the appropriate paragraphs of this section.

Section 202. Administration

This section provides that programs under section 201 shall be administered generally in accordance with the sections of title III dealing with the prerequisites to assistance under that title (sec. 303) and with advances, grants-in-aid and 3-year contracts (sec. 307). In addition, this section and section 308 provide that the International Development Advisory Board shall advise and consult on policy matters arising in connection with programs under this title. Departure from those provisions is permitted only where necessary to accomplish the purposes of section 201.

The language of this section is new but is based on MSA sections 206 and 302 (b). It continues the authority to administer the programs here authorized in accordance with the AID and to provide commodities required for such programs in accordance with ECA provisions, to the extent not inconsistent with the purpose of such programs.

TITLE III—TECHNICAL COOPERATION

General

This title is based on the substantive provisions of the Act for International Development (secs. 403 (a), 404 (a), 405 (d) and (e), 407 (c), 409, and 418 (a)) which contain the authority required to conduct the technical-cooperation programs heretofore authorized by that act. A number of sections of the AID have been omitted because the authority they provide is implicit or is otherwise adequately provided for without the necessity of including a specific provision in this bill. (An example is the section providing for joint commissions for economic development, AID sec. 410.) Such omissions are not intended to have substantive effect. Administrative provisions of the AID are covered in title V, which provides in section 521 (b) that after June 30, 1955, the program is to be administered through the Department of State.

Section 301. Declaration of purpose

Section 301 contains a statement of policy concerning assistance to peoples of economically underdeveloped areas. It is taken from the first paragraph of AID section 403.

Section 302. General authority and definition

This section authorizes the President to furnish assistance in accordance with the provisions of title III through bilateral technical cooperations programs, and defines the term "technical cooperation programs." The definition is taken from AID section 418 (a) without change in substance.

Section 303. Prerequisites to assistance

This section requires the country being assisted to pay a fair share of the cost of the program and to cooperate in other ways to achieve the objectives of technical cooperation programs.

This section is taken, almost verbatim, from AID section 407 (c).

Section 304. Authorization

This section authorizes the appropriation of new funds for bilateral technical cooperation programs in the Near East, Africa, South Asia, Far East and Pacific, and Latin America. It also authorizes the consolidation of unexpended balances of appropriations made in earlier fiscal years for economic and technical assistance for the Near East and Africa, economic and technical assistance for South Asia and the Far East (except Formosa and Indochina), and technical assistance for Latin America.

Section 305. Limitation on use of funds

This section expresses the policy of limiting equipment and commodities supplied through technical cooperation programs to quantities required for instruction or demonstration purposes.

Section 306. Multilateral technical cooperation

This section authorizes participation in multilateral technical cooperation programs and the appropriation of amounts required for contributions during fiscal year 1955 to the United Nations expanded program of technical assistance and the technical cooperation program of the Organization of American States. The section is based on AID section 404 (a).

Section 307. Advances and grants; contracts

This section provides certain authority necessary in administering technical cooperation programs. It authorizes advances and grants-in-aid of technical cooperation programs and the making of contracts for 3-year terms. It is based on AID sections 405 (d) and 405 (e).

Section 308. International Development Advisory Board

This section continues the IDAB established under AID section 409 and expands its statutory duties to cover advising with respect to development assistance programs under title II and the investment guaranty program.

TITLE IV—OTHER PROGRAMS

Section 401. Special fund

The first sentence of this section authorizes the President to use in any fiscal year up to \$150 million of any funds available under this

bill without regard to the requirements of this bill or of any act for which funds are authorized by this bill (e. g., the Battle Act), in order to further the purposes of these laws, when he determines such use to be important to the security of the United States. This provision is taken from section 513 (b) of the Mutual Security Act of 1951, as amended.

The second sentence of this section continues in force the provision in MSA section 101 (a) (1), known as the Kersten amendment, which states that military-assistance funds may be used for any selected persons who are residing in or escapees from the Soviet Union, its European satellites, the Communist-dominated or Communist-occupied areas of Germany and Austria, or any Communist-dominated or Communist-occupied areas of Asia, either to form such persons into elements of the military forces supporting the North Atlantic Treaty Organization or for other purposes, when it is determined by the President that such assistance will contribute to the defense of the North Atlantic area or to the security of the United States. Under the "other purposes" language a program for the maintenance and resettlement of escapees has been carried out and will be continued. No change has been made in the Kersten amendment language except for a change in the designation of the source of funds to be used which will make it possible to use, up to the same limit of \$150 million covering the section, any of the funds available under this act rather than just military-assistance funds.

The third sentence of this section dealing with the use of not to exceed \$50 million without voucher is based on MDAA section 303 (a), except that the House Foreign Affairs Committee changed the geographical scope of the provision to apply it to the whole world instead of just the general area of China. Again, this \$50 million is part of the total of \$150 million governing section 401.

Section 402. Earmarking of funds

This section reserves \$350 million of funds authorized to be appropriated under this act for the financing of surplus agricultural commodity shipments. The commodities to be shipped under this provision are additional to those covered by the Agricultural Trade Development and Assistance Act of 1954. These commodities may be transferred as grants, with deposit of counterpart, or may be sold for local currencies. In the case of sales the currencies would be available, without reimbursement to the Treasury, to carry out programs authorized by this Act pursuant to agreements made by the President. Such currencies might be used for grant programs or might be loaned to recipient countries in accordance with section 505 of the act. In order to permit use of agricultural commodities with minimum disruption of contemplated assistance programs, the final sentence of this section states that, to the extent practicable, the agricultural commodities shall be disposed of in such a way as to permit the use of local currencies accruing to the United States, for the purposes for which the dollars used to finance the commodity purchases were originally programed.

Section 403. Special assistance in joint control areas

This section authorizes the use of European defense-support funds for economic assistance to areas where the United States has responsibilities as a result of participation in joint-control arrangements

(Germany, including Berlin, Austria, and Trieste). Authorization of assistance to these areas is now found in MSA section 503 (a) (3).

Section 404. Responsibilities in Germany

This section provides special authority to deal with potential emergencies and other special situations in Germany. It provides that, upon demand by the United States, German local currency counterpart shall be deposited in the special account for government and relief in occupied areas (GARIOA) for unilateral United States disposition. Such funds, as well as funds allocated for assistance to Germany under section 403 of this bill, may be used for extraordinary expenses necessary to meet United States responsibilities and objectives in the Federal Republic and other areas of Germany. Expenditures under this section may be made in amounts and under conditions determined by the Secretary of State after consultation with the official primarily responsible for administration of defense support programs. Where necessary to meet United States responsibilities or objectives in Germany, such expenditures may be made without regard to such provisions of law as the President may specify.

Section 306 combines provisions from ECA section 114 (h) and (i), MSA section 521, and the appropriation for government in occupied areas contained in chapter X of the Supplemental Appropriation Act, 1954. In section 404 of this bill, the phrase "or objectives" has been added and the Presidential waiver clause has been revised in order to make provision for meeting United States objectives with respect to areas in Germany other than the Federal Republic. These revisions would make the authority of this section available for programs such as the East German food relief program of the summer of 1953.

Section 405. Movement of migrants and refugees

Subsection (a) of this section authorizes the appropriation of the amount required to make contributions to the Intergovernmental Committee for European Migration during calendar year 1955 and consolidates with this appropriation the unexpended balance of the amount appropriated for contributions to the committee during calendar year 1954. In addition, the section authorizes the appropriation from time to time of the amounts necessary to make contributions and pay the expenses of participating in the committee after December 31, 1955. This will permit these amounts to be included, if thought desirable in subsequent years, in the Department of State appropriation.

This section replaces MSA section 534. The continuing authorization of appropriations is new, as is the inclusion in this section of authority to pay salaries and expenses.

Subsection (b) of this section permits the President to use not more than \$800,000 made available under this bill for the purpose of facilitating the migration of residents of the Ryukyu Islands in the Pacific to the other American Republics.

Subsection (c) of this section authorizes the appropriation of \$500,000 for contributions during fiscal year 1955 to the United Nations Refugee Emergency Fund.

Section 406. Children's welfare

This section authorizes the appropriation of the amount required to make contributions to the United Nations Children's Fund during fiscal year 1955.

This section replaces MSA section 545. The authorization is for the fiscal year 1955, although past authorizations of appropriations for international children's welfare work have been on a calendar year basis.

Section 407. Palestine refugees in the Near East

This section authorizes an appropriation of \$30 million for assistance for relief and rehabilitation of refugees in the Near East and Africa by means of contributions to the multilateral program under the United Nations for the relief of Palestine refugees (UNRWA). In addition, it carries forward the unexpended balance of the amount made available for this purpose for fiscal year 1954. Funds made available under this section may be used in bilateral programs to accomplish the same purpose.

This section replaces section 301 of the United Nations Palestine Refugee Aid Act of 1950 which has heretofore authorized United States participation in UNRWA. The authority to shift funds to bilateral programs is based on a provision previously contained in MSA section 204.

Section 408. North Atlantic Treaty Organization

Subsection (a) of this section authorizes the appropriation of the amount required for the United States to pay during fiscal year 1955 its share of the expenses of the civilian headquarters of the North Atlantic Treaty Organization (which includes the United States share of the cost of a NATO headquarters building). Subsection (a) derives from MSA section 521, which authorizes the use of military-assistance funds for "expenses incident to United States participation in international security organizations." This authority is continued by section 103 (b) of this bill, but only the funds necessary for contributions to NATO military organizations are included in the funds authorized in section 103 (a) for contributions under 103 (b).

This subsection also authorizes the appropriation of the amounts necessary after June 30, 1955, to pay the United States share of the expenses of NATO and the salaries and expenses of the United States permanent representative to NATO, of persons representing the United States in subsidiary bodies of NATO, of persons representing the United States in other multilateral organizations participating in achieving the aims of the North Atlantic Treaty (including the OEEC), and of their staffs. By means of appropriate references to the Foreign Service Act and the United Nations Participation Act, the subsection authorizes appropriations for payments of salaries and expenses similar to those authorized for the United States mission to the United Nations. This provides an authorization of indefinite duration for the appropriations required by our participation in NATO similar to the authority provided in the United Nations Participation Act and legislation authorizing participation in various other international organizations. So long as the military-assistance program continues, funds for the military contributions would appropriately be included in military-aid funds under section 103, but under the language of section 408, all NATO contributions could be included in the appropriation made under authority of section 408. Such an appropriation could be made to any agency or agencies.

Subsection (b) of this section spells out the President's authority to appoint the permanent representative to NATO by and with the

advice and consent of the Senate and provides for his rank and status. This subsection is new.

The purpose of subsection (c) of this section is to permit the continued employment of Foreign Service Reserve officers detailed to the NATO international staff, whose normal 4-year term would otherwise expire under the provisions of section 522 of the Foreign Service Act. The detail of such officers to the NATO international staff would be in accordance with the provisions of section 529.

Section 409. Ocean freight charges

Subsections (a) and (c) authorize an appropriation to pay ocean freight charges from United States ports to foreign ports of entry on relief and rehabilitation shipments by certain United States voluntary relief agencies. Subsection (b) directs the President, where practicable, to make arrangements with the recipient country for the free entry of the shipments and for the making available of local currency to defray the costs of transportation from the port of entry.

These subsections are based on MSA section 535 and ECA section 117 (c).

Subsection (d) is new. It authorizes the use of funds available under any title of this bill to pay ocean freight charges on shipments of surplus agricultural commodities, by voluntary agencies or otherwise, under the authority of this bill or any other act, such as the Agricultural Trade Development and Assistance Act of 1954.

Section 410. Control act expenses

This section authorizes an appropriation for fiscal year 1955 to carry out the objectives of the Mutual Defense Assistance Control Act of 1951, known as the Battle Act. Section 303 of the Battle Act authorized the use of military assistance funds in order to carry out the Battle Act. In this bill, section 410 provides a separate appropriation to carry out the Battle Act, but the section further provides that military assistance funds may also be used to carry out the Battle Act in such amounts as the President shall direct.

Section 411. Administrative expenses

This section authorizes an appropriation for fiscal year 1955 for all administrative expenses other than for the mutual defense assistance program. These latter expenses will be paid out of funds appropriated under section 103 (a), as provided in section 103 (b).

This authorization of a separate amount for administrative expenses is new. Otherwise this section is based on ECA section 114 (d), which permitted certain types of administrative expenditures overseas without regard to such laws and regulations concerning Government expenditures as the Director specified, where necessary to carry out the purposes of the ECA.

Section 412. Strategic materials

This section authorizes initiation of projects to increase the supply of materials in which deficiencies or potential deficiencies in supply exist in the United States or among nations receiving United States assistance. It is based upon MSA section 514, which authorized projects for increasing supplies of materials deficient in countries receiving United States aid, and MSA section 519 (b), which authorized purchase of local currency for the purpose of increasing production

of materials deficient in the United States. This section does not authorize the appropriation of new funds, but authorizes the carryover for the purpose of this section of funds appropriated for fiscal year 1954.

Section 413. Chinese and Korean students

This section continues the authority of the Secretary of State to complete a program for paying the educational and related costs of Chinese and Korean students in the United States. This section does not authorize the appropriation of new funds but, in accordance with MSA section 302 (c), continues available until expended the unexpended balance of the \$6 million authorized for this purpose in section 202 of the China Area Aid Act of 1950. Funds for this program were earlier provided by the Foreign Aid Appropriation Act, 1950, and although not referred to in this section, the unexpended balance of these funds also remains available until expended as provided in that appropriation act.

Section 414. Encouragement of free enterprise and private participation

Subsection (a) of this section is the 1953 Thye amendment (MSA sec. 416 (a)).

Subsection (b) of this section groups together three programs designed to encourage the participation of private enterprise in carrying out the purposes of this bill.

Paragraph (1) directs the President to make arrangements to find and draw the attention of United States private enterprise to opportunities for investment and development in other free countries. This is an expansion of a similar directive in MSA section 516 (e) to the Technical Cooperation Administration relating to underdeveloped areas.

Paragraph (2) directs the continuation of an accelerated program of negotiating treaties of commerce and trade including tax treaties encouraging the flow of private investment to countries receiving assistance. It is taken from MSA section 516 (d).

Paragraph (3) directs the President to insist upon full compliance by other countries with treaties of commerce, trade, and taxes until superseded or until they have expired. When treaties have been declared valid by the International Court of Justice the President is to take reasonable measures to obtain just compensation for United States citizens for losses sustained and to insure compliance with such decisions.

Paragraph (4) authorizes the continuation of the investment guaranty program. The subsection is based on ECA section 111 (b) (3), as modified by MSA sections 516 (b), 520, and 530 (a). The provisions of ECA section 111 (b) (3) have been rearranged, and various clarifying changes in wording, but no changes in substance, have been made. Language has been included in subparagraphs (A) and (G) to preserve the congressional directive to establish broad criteria for the guaranty program, formerly contained in MSA section 516 (b). The duration of the program (until June 30, 1957) was specified in MSA section 530 (a). MSA section 520, specifying that guaranties may be issued in any country agreeing to the program, has also been incorporated in paragraph (3).

Section 415. Munitions control

This section is based on H. R. 6344 on which a subcommittee of the House Foreign Affairs Committee held public hearings on February 25, 1954.

The purpose of the section is to strengthen United States controls over exports and imports of munitions and to relieve commercial enterprises of the burden of unnecessary detail and redtape required under existing legislation.

The basic law regulating the export and import of arms, ammunition and implements of war is section 12 of the joint resolution approved November 4, 1939 (the Neutrality Act, Public Res. 54, 76th Cong.). In addition, the Export Control Act of 1949, as amended (Public Law 11, 81st Cong.), which expires June 30, 1956, gives the President broad authority to control all kinds of exports for a variety of purposes. Exports on helium are controlled by the act of March 3, 1925, as amended (Helium Act) and exports of atomic-energy materials, by the Atomic Energy Act of 1946, as amended (Public Law 585, 79th Cong.).

This section replaces the following provisions of existing law for the reasons enumerated:

(1) Section 12 of the joint resolution approved November 4, 1939 (the Neutrality Act), is repealed in order to eliminate the National Munitions Control Board, to eliminate the burdensome reporting requirements and to provide greater administrative flexibility as outlined above.

(2) Section 4 of the act of March 3, 1925, as amended (the Helium Act), is repealed. This section deals with exports of helium and assigns certain responsibilities to the National Munitions Control Board which will be eliminated by this bill. This bill gives the President adequate authority for controlling the export of helium by including it among arms, ammunition, and implements of war.

(3) Section 968 of title 18, United States Code, is repealed. This section deals with control of exports of war materials to Latin American countries in which the United States exercises extraterritorial jurisdiction and where conditions of domestic violence exist. The provisions of section 415 are broad enough to include these specific cases while the retention of this legislation creates an unfavorable impression among other nations.

Repeal of these provisions is provided in subsection (a) of section 542.

Section 416. Assistance to international organizations

This section authorizes the use of funds appropriated under certain other sections to furnish direct assistance (including by transfer of funds) to NATO for a strategic stockpile of foodstuffs and other supplies or for other purposes, to the European Coal and Steel Community, to the OEEC, and to any central institution or other organization, such as the European Payments Union, which are formed before or after enactment of this bill to further the purpose of this bill.

MSA section 2 (b) authorized assistance to NATO and the Coal-Steel Community. ECA section 111 (d) authorized assistance to the OEEC and the EPU to facilitate currency transferability and trade liberalization. The scope of section 111 (d) has been broadened, in the executive branch bill, to include possible organizations outside

Europe and to permit assistance designed to stimulate participation of private initiative and investment in economic development.

Section 417. Facilitation and encouragement of travel

This section has its origin in ECA section 117 (b), which was repealed in 1952, and in House Joint Resolution 350, to promote the foreign policy of the United States by fostering international travel and the exchange of persons. The encouragement of travel under this section is intended to be carried on at no cost to the United States except for administrative expenses.

TITLE V—MISCELLANEOUS PROVISIONS

CHAPTER 1. GENERAL PROVISIONS

Section 501. Transferability of funds

This section provides transferability of funds in two forms. Subsection (a) permits the President to make transfers of up to 10 percent of the funds available under any of the chapters or titles of this bill to any other of those chapters or titles. After transfer the funds could be used, pursuant to the provisions of the chapter or title to which transferred, to furnish assistance of any of the kinds authorized under the latter chapter or title. Thus, 10 percent of the aggregate of funds (including unexpended balances carried over from the previous fiscal year) available under chapter 3 of title I (defense support) could be transferred to chapter 2 (direct-forces support) and be utilized to furnish further support to the forces of France and the Associated States in Indochina (sec. 201), additional financing of aircraft manufacture in the United Kingdom (sec. 202), or additional common-use items (sec. 203). Pursuant to the proviso, funds would be available after transfer for the same period of time as funds appropriated for the purpose to which they were transferred.

This form of "functional" transferability was provided heretofore in the European area only by MSA section 101 (b). In addition, analogous transferability was available in the Far East pursuant to MSA section 301 and section 303 (a) of the Mutual Defense Assistance Act, because of the broad purposes for which military assistance funds were available in that area.

Subsection (b) authorizes the President to make transfers of up to 10 percent of the funds available under any section of the first four titles (except ch. 1 of title I) among sections or geographic subdivisions within any of those titles. Thus, up to 10 percent of the total funds (including carryovers) available under section 131 (defense support) could be transferred from defense-support programs for Europe to defense-support programs for the Far East. In the same manner, up to 10 percent of the funds (including carryovers) available under section 121 (southeast Asia) could be transferred from the Indochina program to common-use programs (sec. 123) in Indochina or elsewhere. Funds of chapter 1, title I are excluded from this provision because transferability within chapter 1, title I is provided in section 106 (d). Transfer among geographic areas was formerly provided in MSA section 513 (a).

Any transfer under this section would be made pursuant to a Presidential determination that the transfer was necessary for the purposes of this bill.

Section 502. Use of foreign currency

Subsection (a) continues the availability, without reimbursement to the Treasury, of local currency proceeds of surplus agricultural commodity sales made under MSA section 550. The purposes for which such currencies may be used are set forth in the exact words of section 550. Subsection (b) continues the ECA section 115 (h) authority to use foreign currencies for expenses of congressional committees carrying out duties under the Legislative Reorganization Act, without reimbursement to the Treasury. A new proviso has been added requiring committees to report such expenditures to their respective Houses.

Other MSA and ECA provisions concerning purchase and use of foreign currencies are omitted from this bill. MSA section 519 authorized purchase of specified amounts of foreign currencies for specified program purposes. Prior to the enactment of section 519, it had not been customary to meet local currency needs of economic aid programs under the ECA out of appropriated dollar funds. Therefore, although normally no special authority is necessary to authorize agencies having overseas operations to acquire necessary foreign currencies in accordance with regulations issued by the Treasury Department, it was felt that specific congressional sanction should be sought for the use of appropriated dollars to purchase foreign currencies for local currency program expenses of economic-aid programs. MSA section 548 went further, by authorizing the making available of appropriated dollars for purchase of local currencies for foreign-aid program and administrative requirements without limitation on amount or purpose, although the amount of anticipated local currency expenses was expressed as a separate figure in section 548 (a). (Expression of a separate local currency expense figure is unnecessary in this bill because dollar-authorization figures include amounts necessary to cover local currency needs as well.) Since departure from the former practice of restricting use of appropriated dollars to dollar costs of economic-aid programs has been so widely sanctioned, it no longer seems necessary to include a special provision authorizing purchase of foreign currencies in foreign-aid legislation. Consequently, MSA sections 519 and 548 are omitted. Pursuant to section 1313 of the Supplemental Appropriation Act, 1954, foreign currencies owned by the United States may be purchased from the Treasury for program and administrative purposes. In addition, appropriated funds could be used to acquire currencies from other countries for the purposes of this bill in accordance with authority and procedures applicable to United States Government agencies generally.

The proviso to MSA section 548 (b) is omitted because the subject there dealt with (continued availability of local currencies obligated before July 1, 1953) is more appropriate for inclusion in an appropriation bill.

Also eliminated are the ECA-MSA provisions on the use of the United States portion of counterpart, except for that dealing with congressional committee expenses. Such currencies continue to be available for the uses specified in those provisions, but only pursuant to appropriations because of the enactment of section 1415 of the Supplemental Appropriation Act.

Section 503. Termination of assistance

Subsection (a) requires the termination of all or part of the assistance furnished to any nation whenever the President determines that the

furnishing of such assistance is no longer consistent with United States interests or foreign policy, would no longer contribute effectively to the purpose of the assistance, or is no longer consistent with United States obligations under the United Nations Charter. Termination by congressional action is also provided. After termination pursuant to this section, funds remain available for obligation for 1 year for the purpose of liquidating assistance programs so as to minimize waste and loss of effectiveness of assistance already furnished.

Subsection (a) is a composite of the termination provisions contained in ECA section 118, MDAA section 405, AID section 411, and MSA section 529. Clause (1) of ECA section 118 permitted "remedial action," which might but need not be termination, when a recipient country was not adhering to its agreements or was diverting assistance from the purposes for which it was given. This provision is omitted because authority to terminate or suspend aid under these circumstances is inherent in the power to furnish assistance under aid agreements and for specified purposes; it need not be set forth in any statute in order to permit its exercise.

Subsection (b) states that after June 30, 1955, none of the authority conferred by titles I and II of the act may be exercised. The liquidation period for military and economic assistance programs under titles I and II of the act will take effect June 30, 1955. (It should be pointed out, however, that sec. 104 (a) provides an authorization for contributions to NATO infrastructure programs in installments before June 30, 1958.) The liquidation period is 2 years in the case of military programs and the United Kingdom aircraft program and 1 year in all other cases. During that period, funds previously obligated can be expended, and equipment, materials, commodities, and services for which funds had been obligated can be delivered or completed. In addition, new obligations can be incurred for necessary expenses incident to the procurement and transfer of commodities for which funds had already been obligated prior to the liquidation period (such as packing and transportation costs and the adding of accessories to major end items), and necessary expenses of liquidating operations. Paragraph (2) permits the President to transfer activities to any agency for the purpose of liquidation during the liquidation period. This provision is based on MSA section 530.

Section 504. Small business

This section provides for assistance to American small business in order to provide for its equitable participation in the furnishing of commodities and services under assistance programs. It is taken from MSA section 538 with no change in substance.

Section 505. Loan assistance

Subsection (a), derived from ECA section 111 (c) (1), states that assistance may be furnished on a grant or repayable basis.

Subsection (b) requires that of the funds made available pursuant to the act (other than funds made available pursuant to ch. 1 of title I), not less than \$150 million be reserved for furnishing assistance on terms of repayment. This requirement may also be met by the loan of foreign currencies accruing to the United States under agricultural commodity sales programs under section 402. Loans under this section are to be administered by the Export-Import Bank. Repayments of principal and interest received on loans made under this

section are to be held by the Treasury and used for purposes, including further loans, approved by the Congress and agreed to by the borrowing country.

Section 506. Patents and technical information

This section provides in certain cases an exclusive remedy by suit for compensation to persons whose patent or other proprietary rights have been infringed by reason of disclosures in connection with the furnishing of assistance under this bill. In addition, heads of appropriate agencies furnishing aid may use assistance funds in making full settlement of claims made under this section. This section is taken verbatim from MSA section 517 which was enacted in 1951.

Section 507. Availability of funds

This section, analogous to MSA section 512, insures that provisions of this bill shall not be considered to be continuing authorizations for appropriations, but that authorizations must be requested for new money when needed. The opening clause makes clear that this does not affect the continued availability of no-year appropriations made under sections 104, 105, and 413 or the specially provided continuing authorizations in sections 104, 405, and 408 (a). It is also provided that no special authorizations are needed for administrative expenses to carry out sections 415 and 417.

Section 508. Limitation on funds for propaganda

This section prohibits expenditure of funds for general propaganda within the United States in support of the mutual security program, thereby limiting publicity activities paid for with assistance funds to the provision of information necessary to keep the American public informed regarding the use of assistance funds. It is taken verbatim from MSA section 537.

Section 509. Shipping on United States vessels

This section represents a consolidation of existing law and restates the shipping preferences applicable to foreign aid. It applies to shipments to and from the United States. As under existing law, the percentage is to be computed separately in connection with military assistance, administered primarily by the Department of Defense, and other forms of assistance, administered primarily by the Foreign Operations Administration.

The provisions of this section are essentially a consolidation of the shipping clause contained in ECA section 111 (a) (2) and MDAA, section 409. In accordance with section 106 of the Mutual Security Appropriation Act, 1954, the shipping requirement is made applicable to shipments under titles II and III of this act, as well as to shipments under title I.

Section 510. Purchase of commodities

The first two sentences of this section, taken from ECA section 112 (l) but extended to development assistance, prohibit the financing of procurement at prices higher than the market price in the United States at the time of purchase, adjusted for differences in cost of transportation to destination, quality, and terms of payment. The third sentence is a new provision on procurement policy for non-military programs, requiring the balancing of foreseeable adverse effects on the domestic economy against cost savings to the United

States in procurement abroad. The final sentence, however, requires that in general any agricultural commodity which is surplus in the United States shall be procured from domestic sources unless it is not available in the United States in sufficient quantity to supply the requirements of countries receiving assistance. This requirement was found in ECA section 112 (d) (1).

Section 511. Retention and return of equipment

There have been located in this section several provisions of existing law which have similar purposes (MDAA sections 401, 408 (f); ECA 113 (b); MSA 524).

Subsection (a) states that United States military stocks shall not be used to furnish assistance if the Secretary of Defense determines that to do so would be harmful to the interest of the United States. The language is taken from the proviso in MDAA, section 401, and the only change made is for grammatical clarity.

Subsection (b) states that equipment, materials, or commodities procured for assistance purposes may be withheld or used by an agency of the United States when the President determines that such retention will better serve United States interests than would transfer to a recipient nation, or when retention is called for by concurrent resolution. Disposal may be made without regard to laws governing Government property disposal when necessary to prevent spoilage or wastage.

Subsection (c) provides that the President shall make appropriate arrangements with nations receiving military assistance for the return to the United States of equipment or materials no longer required for the purpose for which originally made available.

Section 512. Penal provision

This section, constituting a revision of MDAA section 412, is directed at "influence peddling." It makes criminal the giving or receiving of any payment, in connection with procurement under the bill, to or by a Government employee (or a person who has been employed by the Government within the preceding 2 years) who acted in connection with the procurement during the course of his employment. The provision is similar to 18 United States Code 284, applicable to claims against the Government. MDAA section 412 is changed in two respects: (1) The prohibition is broadened to cover nonmilitary as well as military procurement. (2) The prohibition is made to apply only in cases where the employee or former employee acted in connection with the procurement involved during the course of his employment.

Section 513. Notice to legislative committees

This section replaces various existing provisions requiring notification to appropriate committees of the Congress of transfers and special uses of funds and of loyalty certifications. It also adds a new requirement that the appropriate congressional committees be kept currently informed concerning substantial departures from illustrative programs presented to the Congress in its consideration of the mutual security legislation, except in the case of reprogramming resulting directly from changes made by congressional action with respect to authorization and appropriation legislation proposed by the executive branch.

Section 514. International educational exchange activities

This section provides that, when the Secretary of State certifies that foreign currencies or credits owed to or owned by the United States are required for the purposes of international educational exchange activities authorized by section 32 (b) (2) of the Surplus Property Act of 1944, the Secretary of the Treasury shall reserve such funds for the use of the Department of State for such activities. This section does not affect the question of the applicability of section 1415 of the Supplemental Appropriation Act, 1953, to the use of foreign currencies for educational exchange programs. It provides that when, in accordance with section 1415, sales of foreign currencies are made to the Department of State for this purpose, the sales shall be made on the basis of the dollar value of the currencies at the time of their reservation.

CHAPTER 2. ORGANIZATION AND ADMINISTRATION

Section 521. Delegation of authority by the President

The authority to furnish assistance and to perform most other functions with respect to the mutual security program is placed in the President by this bill. Section 521 states that the President may exercise any such authority or function through any agency or officer of the United States and provides further that the head of any such agency or such officer may make rules and regulations and may delegate any of his authority (including his rulemaking power) to his subordinates. Subsection (b), however, makes an exception by providing that technical cooperation programs shall be administered through the Secretary of State after June 30, 1955.

This section derives from ECA section 104 (f), MDAA section 404, and AID sections 408 and 412.

Section 522. Allocation and reimbursement among agencies

Subsection (a) of this section permits the President to allocate or transfer any funds available to carry out this bill to any Government agency and states that such funds may be used by such agency under its own regular authority or under authority contained in this bill. This provision was contained in MDAA section 403 (a) and AID section 416 (a).

Subsection (b) permits utilization by one agency of another's facilities. Similar provisions appear in ECA section 111 (b) (2) and 113 (a), and MDAA section 403 (a).

Subsection (c) provides that when an agency furnishes assistance under the authority of *chapter 1 of title I* it shall be reimbursed from military assistance funds for its expenses and the value of what it furnished. Amounts received in such reimbursement are available for use by the agency on the same basis as the funds originally used. The language of the subsection is taken from MDAA section 403 (b) without change in substance.

Subsection (d) sets forth the manner in which reimbursement (*except under chapter 1 of title I*) is made to another agency furnishing services, facilities, or commodities. This subsection is taken from ECA sections 111 (b) (2) and 113 (a), omitting a provision concerning cooperation with the United Nations, which is covered in section 535 of this bill.

Subsection (e), drawn from ECA section 111 (b) (1), authorizes the basic procedures generally used for financing procurement of commodities and services through commercial channels.

Section 523. Coordination with foreign policy

This section states that nothing in this bill shall be construed to infringe upon the powers or functions of the Secretary of State. It also directs the President to prescribe appropriate procedures for coordination among United States representatives overseas under the leadership of the chief diplomatic representative. The two subsections are taken from MSA sections 505 and 507 without change.

Section 524. The Secretary of Defense

Subsection (a) of this section outlines the primary responsibilities of the Secretary of Defense with respect to assistance under chapter 1, title I. Clause (6) makes clear that the primary responsibility for carrying out chapter 1, title I activities or functions of the Defense Department not specified in the first five clauses rests with the Secretary. Subsection (b) states that the Secretary of Defense shall establish priorities with respect to procurement, delivery, and allocation of military equipment, and that the President shall determine the value of country programs under chapter 1 of title I.

Section 524 is taken from MSA section 506 (a) and (b), with the addition of clause (a) (6) to cover certain new programs such as special weapons development and facilities assistance. Clarifying changes have been made in the language of subsection (b).

Section 525. Foreign Operations Administration

Under this bill, as in the MDAA and the AID, operating authority is vested in the President subject to delegation by him. This section provides, however, that the Foreign Operations Administration and its Director shall continue, until otherwise provided by Presidential order, to perform the functions which they are performing on the day this bill takes effect. These functions include operation of economic and technical aid programs. The Director also currently coordinates all aid programs, including military assistance, and exercises "continuous supervision and general direction" over them (MSA sec. 501 (a)). Section 525 does not continue the Director's "continuous supervision and general direction" power with respect to military programs. Section 525 also empowers the President, by Executive order, to reorganize the administration of MSP. It is anticipated that when the legislation is enacted an Executive order will be issued dealing with the administration of the mutual security program.

Section 526. Public Advisory Board

This section continues the Public Advisory Board established under ECA section 107. The Board advises the Director of FOA in connection with the carrying out of his responsibilities under this act.

Section 527. Missions and staffs abroad

This section authorizes the President to maintain staffs or special missions overseas in carrying out functions under this bill. It provides for the appointment and removal, in the President's discretion, of the chief and deputy chief of each mission or staff, and provides for the rates of compensation of chiefs.

Section 527 replaces ECA section 109. That section made mandatory the establishment of special missions in certain countries. It also contained provisions relating to administrative facilities and services and concerning arrangements in Germany and Trieste. Continuation of existing arrangements does not depend, however, on express authorization in this bill.

Section 528. Employment of personnel

Subsection (a) of this section provides the basic authority for employment of personnel to carry out functions under this bill by any agency performing such functions. It is derived from the first sentence of ECA section 104 (e), MDAA section 406 (a), and AID section 413 (b).

Subsection (b) permits the employment of 60 persons without regard to the Classification Act of 1949, for example, under salary scales not corresponding to general schedule rates. Of this 60, not to exceed 35 may be compensated at rates higher than the maximum rate of GS-15 (now \$11,800), and the remainder at the top GS-15 rate or below. Of the 35, not to exceed 15 may be paid up to \$15,000 a year, and the remainder at the top GS-18 rate (now \$14,800) or below. This subsection combines the second sentence of ECA section 104 (e) and section MSA 504 (c), but reduces the number of excepted positions from 100 to 60 and the number of "super-grades" from 50 to 35.

Subsection (c) provides authority for the employment or assignment of personnel to perform functions under this bill overseas. Paragraph (1) permits the Director of FOA to employ or assign persons, or to authorize the heads of other agencies to employ or assign personnel of their agencies, for overseas duties at rates of pay, allowances, and benefits provided for Foreign Service Reserve and staff officers and employees under the Foreign Service Act of 1946. All persons so employed or assigned would be entitled to hardship post differentials at rates prescribed under section 443 of the Foreign Service Act for Foreign Service staff and would also be entitled to reemployment rights as provided for Foreign Service Reserve officers under section 528 of that act. This authority is derived from AID section 413 (c) and paragraph (1) of ECA section 110 (a). Language has been added to make clear that post differential allowances may be given to persons compensated at Foreign Service Reserve rates. The grant of rights under section 528 of the Foreign Service Act is new.

Paragraph (2) of subsection (c) replaces paragraph (2) of ECA section 110 (a). The ECA provision authorized the Secretary of State, on request of the Director, to appoint persons to the Foreign Service Reserve or staff for the purpose of performing duties under the foreign aid program. Under section 527 (c) (2), such overseas employees of FOA will be appointed by the Director. For the purpose of making appointments and fixing terms and conditions of employment, the Director will utilize such authority contained in the Foreign Service Act as the President deems necessary. For example, while the Director might appoint persons to the categories of Foreign Service Reserve and staff, it is not intended that he will appoint persons to the category of Foreign Service officer. Persons so appointed, however, would be eligible to apply for "lateral entry" into the State Department Foreign Service officer category, but would not have other rights under the Foreign Service as administered by

the Secretary of State, such as "bumping" privileges, during the period of the Director's authority in carrying out operations under this bill. Similar personnel authority has been provided for the United States Information Agency under section 2 (d) of Reorganization Plan No. 8, 1953. Section 527 (c) (2) would permit any such appointments to be made for the duration of the foreign aid programs; thus appointments corresponding to State Department Foreign Service Reserve appointments could be made for the duration of the program without regard to the 4-year limitation in the Foreign Service Act. This provision would also permit the President to specify the provisions of the Foreign Service Act which would apply to FOA personnel; This would include sections 443 and 528 for both Reserve and staff officers and employees, as in the case of appointments under section 527 (c) (1). Section 528 applied to both Reserve and staff officers and employees under ECA section 110 (a) (2); section 443 only to staff. While appointments under section 527 (c) (2) would be primarily for the purpose of overseas duty, temporary assignment in the United States would be permissible.

Subsection (d) authorizes the Secretary of State, at the request of the Director, to appoint aliens for the performance of duties under this bill overseas. It is taken from ECA section 110 (b).

Section 529. Detail of personnel to foreign governments

This section authorizes the detail of personnel to foreign governments and government agencies without reimbursement. It is based on MSA section 509 and AID section 413 (e), omitting provisions concerning detail to international organizations, which are included in section 530 of this bill. Subsection (b) makes a change in the original law to permit the detailing agency to pay the salary and allowances of the detailed employee from its own funds without reimbursement from funds authorized under this bill.

Section 530. Detail of personnel to international organizations

This section authorizes the detail of United States Government personnel to international organizations with or without reimbursement, on the basis of an advance of funds, property, or services, or subject to a credit against the United States contribution to the international organization. It combines authority previously contained in MSA sections 303 (c) and 509, AID section 413 (e), and section 304 (a) of the United Nations Palestine Refugee Aid Act of 1950. These provisions authorized nonreimbursable details to international organizations generally, and reimbursable details to UNKRA and UNRWA in accordance with the provisions of title III of the United States Information and Educational Exchange Act of 1948 (22 U. S. C. 1431). The reimbursable detail and advance of funds provisions of the USIE Act are incorporated with minor modifications in this section and are made applicable by this section to details to all international organizations whenever the President determines such detail to be in furtherance of the purposes of this bill. Paragraph (4) of subsection (c) is a new provision setting forth current practice with respect to details of United States Government personnel to NATO.

Section 531. Experts and consultants or organizations thereof

Subsection (a) of this section authorizes the employment by contract of experts and consultants in accordance with title 5, United States

Code, section 55a. It is taken from the provisions of ECA section 104 (e), MDAA section 406 (c), and AID section 413 (f). The compensation rate of \$75 per day is taken from the last-named provision. The provisions of the three statutes are also modified to permit payment of per diem outside the United States at the rates prescribed for regular employees in the Standardized Government Travel Regulations (Foreign Areas), rather than at the rate of \$10 provided within the United States.

Subsection (b) is a new provision authorizing the employment, without compensation, of persons of outstanding experience and ability on the same basis as is authorized by section 701 (b) of the Defense Production Act of 1950, as amended, and regulations issued thereunder (Executive Order 10182, Nov. 21, 1950, 15 F. R. 8013, as amended by Executive Order 10205, Jan. 16, 1951, 16 F. R. 419).

Subsection (c) continues existing authority to appoint advisory committees in addition to the statutory boards (the PAB and the IDAB authorized by sections 526 and 308). This authority is now contained in ECA section 107 (b) and AID section 409.

Section 532. Security clearance

This section prescribes security clearance procedures for persons assigned to duties under this bill by the Director of FOA. It is derived from MSA section 510, with the insertion of language providing for FBI investigation in certain cases as required by Public Law 298, 82d Congress (5 U. S. C. 655). The word "knowingly" has been added so as not to prohibit employment of persons who have in the past been members of organizations advocating disloyal views, but whose membership is found to have been without knowledge of the disloyal purposes of the organization. This change is made in consonance with the principles underlying the decision of the United States Supreme Court in *Wieman v. Updegraff* (344 U. S. 183).

Section 533. Exemption of personnel from certain Federal laws

Subsection (a) of this section exempts, from certain conflict-of-interest laws, experts and consultants employed temporarily under section 531 (a) and members of advisory boards. This provision is based on ECA section 120, and MDAA section 406 (d). A clause has been added exempting the persons covered by this subsection from laws governing reemployment of retired officers or employees of the Government and the simultaneous receipt of compensation and retired pay or annuities.

Subsection (b) permits the appointment of retired officers as regular employees, but does not waive provisions concerning the receipt of compensation and retired pay. This subsection is taken verbatim from MSA, section 533 (a).

Section 534. Waivers of certain Federal laws

This section permits the performance of functions under this bill without regard to provisions of law relating to Government contracting and procurement and the expenditure of Government funds which the President specifies in furtherance of the purposes of this bill. For example, in order to serve the interest of the United States under this bill, the President may exempt part or all of mutual security program operations outside the United States from some general restriction on the expenditure of funds which was intended to deal with a domestic

problem. The Presidential specification of laws is currently embodied in Executive Order 10519 (Mar. 9, 1954, 19 F. R. 1333). Section 534 is taken from ECA section 119, as modified by MSA section 532.

Section 535. Reports

This section provides for the continuation of the semiannual reports on the mutual security program. It is taken from MSA, section 518. In accordance with MSA, sections 516 (f) and 538 (b), language has been added requiring specific inclusion in the reports of information concerning the implementation of the small-business and free-enterprise sections of the bill.

Section 536. Cooperation with international organizations

Subsection (a) of this section authorizes the President to utilize facilities of international organizations in performing functions under this bill and to pay for the use of such facilities to the extent such payment is usually required. It is taken from ECA section 121 (a), with the proviso reworded in keeping with the placement of this section in a consolidated bill authorizing participation in multilateral programs.

Subsection (b) authorizes the furnishing of supplies and services to international organizations on a reimbursable basis. It combines the authority contained in AID section 404 (c), section 304 (b) of the United Nations Palestine Refugees Aid Act of 1950, and MSA section 303 (c).

Section 537. Joint Commission on Rural Reconstruction in China

This section authorizes the continued participation in the Joint Commission on Rural Reconstruction in China, established pursuant to section 407 (a) of the China Aid Act of 1948 (which is repealed by this act), and continues the authority to appoint United States citizens to the Commission.

CHAPTER 3. REPEAL AND MISCELLANEOUS PROVISIONS

Section 541. Effective date

This section states that this act shall take effect on the date of its enactment.

Section 542. Statutes repealed

Subsection (a) of this section repeals 11 prior laws and 3 additional sections from other laws. Each of these laws has either become obsolete or, to the extent not obsolete, is replaced by this bill.

Subsection (b) of section 542 states that references to the repealed acts which appear in statutes not repealed shall be considered references to the appropriate provisions of this bill. Thus, a reference to the Act for International Development appearing in any statute not listed in subsection (a) would be deemed a reference to the appropriate provision of title III, or if a reference to an administrative provision, to the appropriate section of title V.

Subsection (c) of section 542 preserves amendments to acts not repealed which were made by any of the repealed laws. Thus, there are preserved the amendments made by section 11 of the Mutual Security Act of 1952 to the Surplus Property Act of 1944 and by MSA section 501 (e) to the National Security Act of 1947.

Section 543. Savings provisions

Subsection (a) is designed to permit continuity of operations and programs, despite the repeal of various prior statutes by section 542 (a), by preserving, until modified by appropriate authority, organizational, administrative, and program actions undertaken under authority of any of the repealed statutes, except where there is an express provision to the contrary in this bill.

Subsection (b) of section 543 provides that, where this bill establishes conditions which must be complied with before assistance may be furnished, compliance with substantially similar conditions under repealed laws shall be deemed to constitute compliance with the conditions set forth in this bill. This makes clear that assistance may continue to be furnished to countries which have complied with eligibility provisions contained in prior laws substantially similar to those in this bill.

Subsection (c) of section 543 makes unnecessary the reappointment or reemployment under this bill of any person performing functions under acts repealed by section 542 (a) or performing functions mentioned in section 408. Thus, it would be unnecessary to submit for reconfirmation the appointments of members of the International Development Advisory Board or of the United States representative to NATO, or otherwise to reappoint any officer or employee. It is provided, however, that appointments made by the Secretary of State under ECA section 110 (a) (2) shall be converted to appointments made by the Director of FOA under section 527 (c) of this bill.

Section 544. Amendments to other laws

Subsection (a) of this section continues the authority to guarantee investments in informational media enterprises formerly contained in ECA section 111 (c) (3). Since this program is now carried on by the United States Information Agency, the necessary statutory authority is shifted to the United States Information and Educational Exchange Act of 1948 by adding a new section to that statute.

Subsection (b) provides for extension of the Institute of Inter-American Affairs for a period of 5 years beyond its present termination date of June 30, 1955. The section also extends the present 5-year contracting authority of the Institute, provided that contracts extending beyond the Institute's terminal date must be made subject to termination by the Institute upon notice. The second proviso provides that the Institute shall follow the budget and auditing procedures applicable to regular Government agencies rather than those applicable to Government corporations; the corporate authorities of the Institute under the Institute Act for purposes other than budget and auditing procedures remain unmodified, including authority to determine the manner of obligating and expending corporate funds and to receive corporate funds for expenditure without regard to fiscal-year limitations.

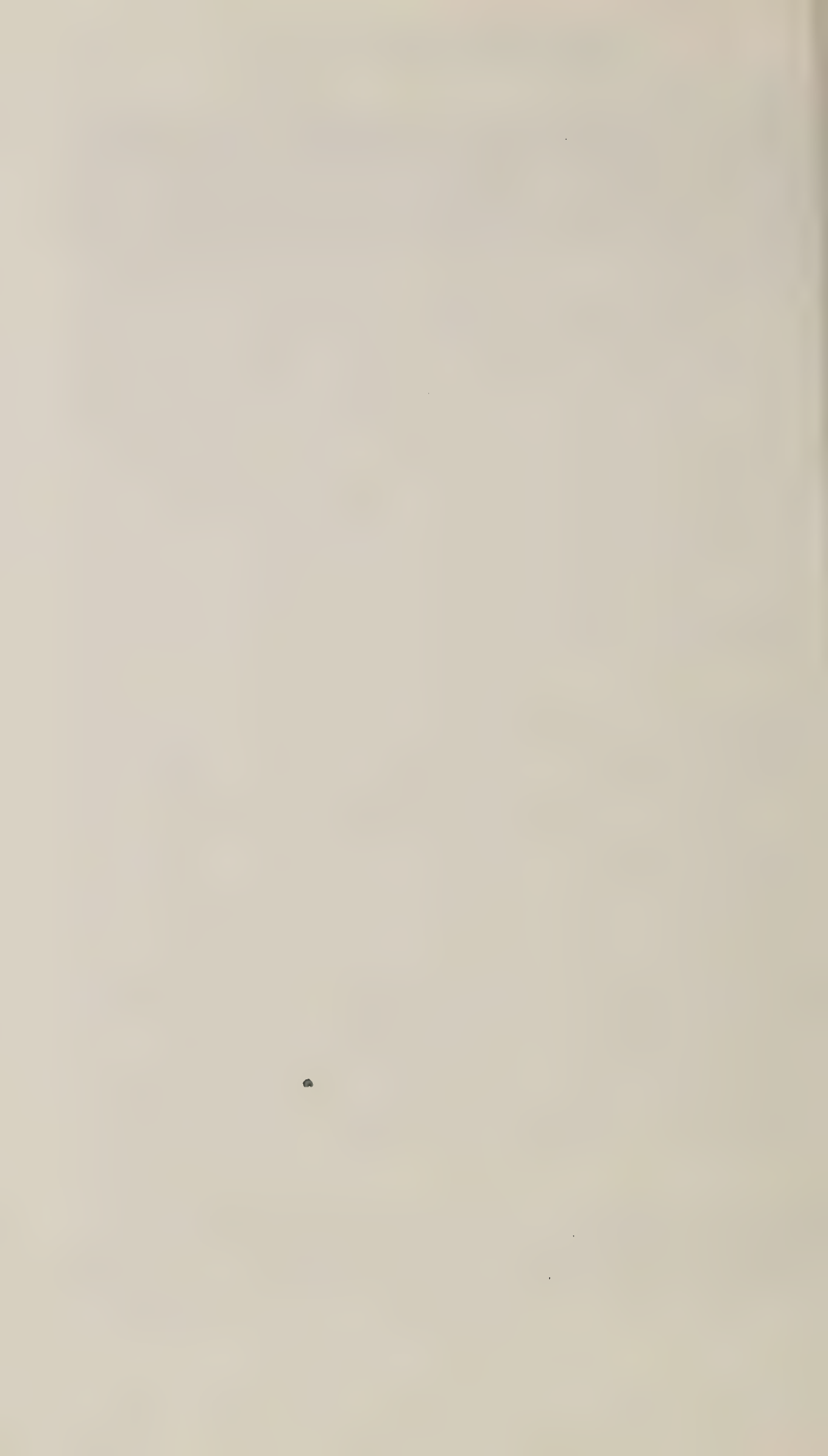
Section 545. Definitions

This section defines a number of terms used throughout the bill. Except for the definitions of "equipment", "materials", and "value" which were taken from the MDAA, and which in this bill are confined in application to chapter 1 of title I, these definitions apply generally to the bill.

Section 546. Construction

Subsection (a) of this section is the standard separability provision formerly found in AID section 417 and MDAA section 413. Subsection (b) provides that nothing in this bill shall affect the provisions of the Atomic Energy Act of 1946, as amended. Subsection (c) provides that nothing in this bill shall be construed as a commitment to provide any specific assistance to any country or international organization.





THE MUTUAL SECURITY ACT OF 1954

JULY 13 (legislative day, JULY 2), 1954.—Ordered to be printed

Mr. LANGER, from the Committee on Foreign Relations, submitted the following

MINORITY VIEWS

[To accompany H. R. 9678]

The undersigned respectfully desires to record his objections to H. R. 9678, the proposed Mutual Security Act for 1954, and the reasons which have impelled him to submit this minority report.

The bill now before the Senate presents a mutual-aid program not of \$3,100 million, but of \$12,850 million, because that is the sum involved in the decision we are making. In other words, we are only adding \$3,100 million to the sum that is left from prior appropriations.

The assessed valuation of the State of North Dakota when I was Governor was approximately \$2 billion at 100-percent valuation, so we are giving away in this so-called mutual-aid program 7 times the value of every acre of land, all our real and personal property, including every horse, cow, and sheep, within the boundary of my State.

Since I have been in the Senate, I have voted against each and every item of this giveaway program. In this Senate, I voted against the United States ratifying the United Nations Charter, although I had with me only the vote of Senator Henrik Shipstead, of Minnesota, and the vote of the dying Hiram Johnson, of California, then confined to his deathbed in the hospital.

Inasmuch as I have spoken on this matter time and time again on the Senate floor, I shall in this report simply reiterate, reassert, re-emphasize, and redeclare as strongly as I can what I said last year on this same subject.

I am only a simple lawyer from North Dakota. It may be that I am not equipped by intellect or training to weigh such mysterious and extraordinary matters, but when I look upon the present policy of the United States, and especially that part which passes under the name of "mutual aid," I am tempted to consider that we have been sold a bill of goods.

It seems to me a mockery of commonsense when 2 and 2 are alleged

to add to anything other than 4. This may be a piece of oversimplification, but it is a standard rule of thumb we all can go by. A policy which rests on other and more mysterious considerations may be suspected to be more occult than factual, and to consist at best of a pretentious tilting at windmills. At worst, it is a fraud upon the credulity of the American people, to the degree that they have been hoodwinked by it. It is my considered judgment that the policy of so-called mutual aid constitutes just such a fraud.

It seems to me further that there are currents here which run deeper than men perceive, and that when these terrible times are reduced to the dry dust of history, there will appear to be very little real difference between the world strategies espoused by former Secretary of State Acheson and those followed by his present successor, Mr. Dulles.

Now that the sound and the fury of campaign declarations have abated, it becomes increasingly evident that the present administration has inherited and accepted the very policies Republican leaders once inveighed so loudly against. These policies in simple fact were made with Republican participation. They are being continued by the Republican administration.

DULLES LIKE ACHESON

One of the chief architects of that policy, John Foster Dulles, has now become the spokesman of the American people to the nations of the world; and he has brought over with him to the halls and meeting chambers of the State Department the entire Truman-Acheson foreign concept almost without variation.

I do not like to belabor the subject, for it is not one which gives me pleasure to dwell upon, but is it not true that the identical bipartisan nature of our policy under which Senator Vandenberg and other leading Republicans cooperated fully with the Truman-Acheson axis, though they paid lip service to another ideal, continues today in all of its main essentials? Did we not continue to appease the Communists at Korea, though we sometimes clothe our doubts, vacillations, and retreat from principle in brave words? Did we not still continue to pretend that we were not at war with the Chinese whose great armies had laid the northern half of the Korean Peninsula prostrate? Did we not continue another vain and cynical pretense by affecting to fight under the banner of the United Nations, in a war which was being fought by American soldiers, American arms, and paid for by American tax moneys? Is it not true that this pathetic fraud against the American people and against ordinary simple honesty, continues under conditions where our so-called European allies have constituted themselves the main suppliers to the Chinese Communist enemy, for a commercial profit?

DULLES WOOS DICTATORS

Consider the wholly ill-advised jaunt of Secretary Dulles over the Eurasian world some months ago, symbolized by his presentation of a nickel-plated revolver to the Egyptian strong-arm man, General Naguib, in the name of the American President, Dwight Eisenhower? Has not the whole world seen the pictures of this small-time dictator

brandishing this absurd weapon? Does not Naguib and his successors represent the type of authoritarian usurpation of government to which we have proclaimed ourselves unalterably opposed? Is his country not the same Egypt which did not lift a hand in its defense when Rommel threw his legions at Cairo and Alexandria? It is the same Egypt which was thrown back on its heels by the untrained regiments of poorly armed little Israel during the latter's war for independence. Does any military man question today that this opera-bouffe country could be reduced to impotence in a matter of days by two good British companies attended by half a dozen airplanes?

Everywhere on Mr. Dulles' itinerary he played the part of a big, bluff Santa Claus without whiskers—a few millions extra here, more millions in the next place, new M47 tanks to a Yugoslavia, whose devotion to our cause is more than questionable; a thousand jet aircraft of new design to the Turks, who, noble as they may be, could not resist Russian arms for a week. At the same time we are told there is not enough money to equip our own Air Force, which the late General Vandenberg assured the Congress is already below the danger line.

Can anyone find in these ill-considered, childlike actions any justification for faith in Mr. Dulles and in the future? Where is the realism here and where is the good sense? Where is that clarity of bold purpose which the present position critically demands? Is it not true that we continue to follow the identical, foolish, and unsound policy of "Asia for the Europeans," while Moscow has been allowed to take up unchallenged the slogan of "Asia for the Asiatics"? Has not the Kremlin made the most of this in the tremendous struggle for the conquest of men's minds? And have we not had to answer this challenge with the bodies and lives of our best young men on the bloody battlefields of Korea?

EUROPEAN INTERESTS FIRST

Is it not our policy under this administration as it was in the preceding one to treat Europeans and their interests as our so-called first line of defense? Principally has it not been our policy, and is it not now our policy, to defend Britain and her imperial interests all over the world as an essential prerequisite to American welfare? And is that not also true of our defense of France? Is this not why we have allowed ourselves to be dragged time after time into the preposterous and imprudent commitments which have passed under the name of mutual self-help, loans, and reciprocal trade, and which now flaunts its painted visage under the untrue and dishonest slogan "Trade not aid"?

Let us face the whole truth. Is it not a fact that we have disrupted our American economy to the point of real danger, leeching its productive resources and imposing a crushing burden of debt upon whole echelons of unborn generations to come?

And what productive good has come out of all this? I do not think it enlarges upon the position to say, "None." The position of the United States in the world economy has steadily deteriorated. Russia which once was inconceivably weak in relation to our Nation, industrial, geographical, military, and finance-wise, is rapidly reversing the position. We have lost China and Central Europe, south-

eastern Asia is steadily slipping away. England and France may also be going. Former United States Ambassador Bowles has reported that there is at least 1 chance in 3 that India will go Communist in a few years. Africa is in danger; and Europe has been stampeded at the first sign of Russian agreeability, to abase itself at a new Munich for the sake of trade and profits.

THE REPUBLICAN PLATFORM

Finally, is it not ironic that it is a Republican administration, my old friends and comrades of the Grand Old Party, who have taken up the cudgels for continued oppressive taxation, who feel that the American taxpayer, like Atlas, must bear the entire world on his back, and who resist any effort to reduce taxes to a reasonable level? Does anyone need to remind my comrades of the GOP that all of this is in direct opposition to the platform and the claims on which the Republican ticket rode into office?

Mr. Eisenhower and his Cabinet looked very handsome on the round-table discussion which was so impressively staged about 2 years ago on the television circuits by that New York advertising agency. But the silence of the American people in the face of this adroitly handled public relations operation must not be considered as consent. They are frankly unconvinced. If it is true that in electing Dwight Eisenhower Chief Executive of the United States they repudiated Harry S. Truman, the people of the United States will not support these same policies under a different label.

IT IS TIME TO SPEAK OUT

It may be that in saying these things I place myself under serious political risk. To speak with such frankness is not the path of political opportunism, nor is it good practical politics. No one knows better than I the steamrolling ability of a political machine which holds the sources of power in its hands.

I have considered all this, and within my inner soul have found the only possible answer. I do not believe that anyone will so act against me in an effort to stifle the right of an American Senator to speak, however they may be stung by the nettles of truth.

These observations are expressed without reservation and without fear of offense. For the greatest offense that can be given in these days where the very future of our institutions is threatened, is not to one's friends or to one's associates in a political party, but to the basic interests of the people themselves.

DEEDS, NOT WORDS

There have been other voices raised against the all-consuming folly, which under two succeeding administrations, has corrupted our national policy to the very edge of fantasy. These were the voices of men who have felt within their deepest souls immeasurably disturbed for our future. But even here, in these men of undoubted courage, we have observed a certain timidity, a feeling of uncertainty somehow, that everyone could not be out of step but Jim. That, therefore, beyond and above all reason and logic, there must be some undisclosed worth to the administration's tactics and to the estimates which have

given rise to them. It is both the strength and weakness of Americans that they have tended to close ranks and to bear with their leaders, even where the position assumed by Government seemed to be grimly mistaken and dangerously undertaken.

In the great struggle which is taking place for the rights of man against the systems of imperial enslavement, many of our own allies must at all times be conscious of the danger to which they themselves are exposed as imperialist powers and as occupiers and exploiters of others. A flood of glorious propaganda, fulsome in its self-praise of the British, French, and other imperial governments, may sound lovely and reassuring to the American ears for which it is intended, but to the Malay or the native of Indochina, or to the hounded black native inhabitant of Africa who has been reduced to helotry and shorn of the simplest human rights, the threat of Communist imperialism may well seem to be overdrawn. The Malan regime in South Africa with its unworkable apartheid policy of racial discrimination, is apt to look more real than the declarations of human rights issued periodically from our side. The native worker in the ricefields who risks his life daily in nighttime guerrilla warfare against the imperial interloper and the detested puppet governments installed by him, may well harbor similar sentiments. The Moscow-trained agent in Kenya where the desperate Mau Mau rebellion springs from the equally desperate lot of the native in his own country, is apt to appear to these people as more of a knight in shining armor than a dangerous agitator.

"ASIA FOR THE EUROPEANS"

In fact by our association with colonial oppressors we effectively cast the lie in the face of our own statements of declaration by which we are attempting to win these people over to our side. What it comes to in a nutshell is something like this: A well-known South American statesman and longtime friend of the United States, remarked dryly to me: "You Americans are so strange. The Russians are in Asia and crying the slogan 'Asia for the Asiatics.' You on the other hand are in Asia with guns on a general commitment to the rights of democracy; but as far as the native can see, you are actively on the side of the European imperialist aggressor. To the Asiatic your actions would seem to spell out 'Asia for the Europeans.' Now logically, which side do you think the Asiatics will be on?"

The Asiatic seems to have given his answer to this. For practical purposes he seems to be on the side of the Communists. No matter what declarations are made to them about the wicked nature of Communist aggression, they are likely to answer that they are unacquainted with it, but that they are acquainted with European imperial aggression. Communist slogans may be false and fraudulent, but to the native of southeast Asia who has no political, economic, or military power in his own land and whose dignity as a man is even in question, there is an understandable willingness to look on the Russians not as future oppressors but as liberators.

UNITED STATES PLAYING SECOND FIDDLE

I think the Washington News put it plainly in an editorial when it said that "instead of uniting the independent nations of Asia against Communist aggression, the United States has been playing second

fiddle to French and British colonial policy which operates to keep Asia divided." Even on the score of pure expediency, and ignoring the moral and human values with which I must be concerned if our own system is to endure, a policy based on this situation is hopelessly unreal. The imperial nations, contrary to our American interests, are determined to see their colonial possessions deindustrialized, with low levels of incentive and education, for any attempt on the part of the native to seek political, economic, and other rights would lead him directly to revolution and to control his own destinies.

Thus, when the American policymakers came to the point where they sought to take the non-Communist nations of Asia and merge them into a mutual defense organization, they found instead of independent, strong, interested nations, a group of impoverished, spiritless, and depressed colonial-ruled territories with no capacity for self-defense, no educated or ruling class, and subject to the will of European masters who saw only mortal peril to themselves in any situation which treated these people as equals and capable of such actions as a mutual self-defense pact would require.

Actually, Nationalist China, the Philippines, and South Korea desperately wanted such a Pacific defense organization. But the British and French were adamantly opposed to it. The French did not wish the three states of Indochina operating independent of France. The Dutch for similar reasons rejected the proposal, as did the British.

The result was that our State Department vetoed their own measure as being "premature." What we now see in southeast Asia is a power vacuum in which a few handfuls of guerrilla fighters tacitly supported by an embittered local population, are able to enforce continuous turmoil and near chaos. Instead of being an asset to us these colonials are a liability; instead of their population masses joining us in orderly ranks in a common struggle against the conspirators of Moscow and Peking, we observe apathetic illiterate people with little stake in the world, who regard us with unconcealed suspicion. If they are to be protected against the newer and even more ruthless slavery of communism, it will have to be against their will, and by the intervention of American arms and men.

THE "BIG LIE"

Before I go further, I should observe that our mutual-aid policy is the result of a total misconception of circumstances and events, so enormous as to partake of the aspects of a gigantic swindle. It has in association with it, all the configuration of the "big lie." It is the very boldness of this fraud which protects it from observation. Like the man who having committed one murder, must commit a second to cover up the first, and a third to cover the second, each of these deceptions demands in turn an even more preposterous stratagem to cover the previous one. All the arts of public-relations skill are let loose to prove that black is really white, until no one knows any more where truth and good sense are. This is a complication of events which can end only with the destruction of the American character and of the Nation itself, unless we take clear counsel of ourselves.

I do not for a moment argue that we should not help our friends. The problem is to find them, and then to come to a *modus vivendi*

which involves a true mutuality of interests and obligations. The hypnotic catch phrases which are so skillfully thrown at the heads of the Congress and at the American people, are not a proper substitute.

The declaration that "we don't dare stand alone in the world," has a magnetic sound to it. It appears unanswerable until it is realized that for practical purposes we actually are standing alone.

DOUBTFUL ALLIES

It is axiomatic that a doubtful and vacillating ally or a self-seeking associate does more harm than good. A single look at events in Korea tells us that if a real alliance is to be based on give and take, on sacrifices freely offered and loyalties clearly given, all we have in our camp is a group of restive, self-seeking retainers whose entire course of action is dictated by cold-blooded self-seeking. As long as we are content to pass out the money, pay for everything all around, and play the pretentious role of the grand seigneur to the less-favored, these are the kind of associates we will have.

I shall refer to all this again, pointing out in detail the omissions and cunningly fashioned distortions of fact which the Government so carefully glosses over. But there is something else I should first like to trace. This is the astonishing metamorphosis which has overcome the thinking of those responsible for the direction of American foreign policy. It is a change in the national attitude which has truly been revolutionary.

AMERICANISM VERSUS EUROPEANISM

Men are fond of quoting the wise admonishments of Washington, Jefferson, Madison, Monroe, and other founding fathers, warning Americans not to become entangled in the affairs of Europe. We were told that this was the pathway to American ruin. It was these same noble minds which formulated the style of government and social organization which rules the United States and which differentiates Americanism from Europeanism in the truest sense. If their warnings to avoid entanglement in the perpetually embittered affairs of Europe were not correct, then the political formulations they embodied in the Constitution, in the Declaration of Independence, and in the economic and political structures of our American society, also are not correct. For all of these are the outcome of the same estimates of life, and of the identical philosophic spirit. The point of view which dictates the one, inescapably flows out of the other.

Americanism was not a mere continuation of Europeanism, the outcome of some relatively secessionist desire of unruly colonists to form a new political unit on the earth's surface. It was actually in the most profound social and political sense, something altogether new, a revised outlook on the effort to create a new and better relationship between man and his fellowmen. To accomplish this result the Founding Fathers knew it would be necessary to escape entirely from the age-long hatreds, the social neuroticisms, deep-rooted suspicions, the bloody tyrannies, egoisms, and exploitations which had always characterized the life of Europe. It was necessary to break loose from the entire pattern in which these European states operated, and

to deny and negate the fundamental concepts by which they ordered their lives.

There are very few of us whose ancestors did not come to this country because they in one way or another understood these distinctions. They came because they were fed up with Europe and wished to make for themselves and their descendants a new kind of life based upon a new understanding of the duties and privileges of men. It was for this reason that there has been a one-way flow of so many millions of Europeans to our shores—I should say of the very best Europeans—who have seen in the spirit and form of the United States the Shangri-la of their finest hopes. Were we to open our doors wide, this flow would become a great flood again.

WHAT "FREE PEOPLES"?

When I see the Government in its effort to justify our recent entanglement with the affairs of other nations, describe them as "the free peoples of the world," as if they were part of the very fabric of our family life, I am not only amazed—I am literally appalled. Actually, it is a perversion of truth to describe any of the nations of the Old World in the same breath with ourselves, on the scale or social and political organizations, outlook or basic principles of life.

I have no feeling of animus toward these people and wish them well in their gropings toward some kind of well-being for all of their people. I merely say that to describe them as active participants in our own style of government and social order is complete misstatement.

SPLINTERED EUROPE

As for Europe, the first prerequisite to a simulation of the American type of constitutional, free-enterprise system, is the elimination not only of the antique remnants of feudal organization but also of the self-seeking sectionalisms which set up impenetrable barriers to the free flow of trade and free intercourse of each people with its neighbors. Europe consists of a great group of economic, political splinters which through the charted course of history have made unrelenting political, military, economic war upon each other. Their governments are self-centered and egocentric by tradition, and accept as a normal and natural element of existence, the principle that their fundamental rights and duties are only to themselves. In their relationships with each other they recognize no law, moral or otherwise, except that dictated by their own needs and desires, and by the amount of muscle they are able to apply to the resolution of any given problem. Napoleon pronounced the true European view toward events when he declared that "God was always on the side of the heaviest artillery."

This cynical disregard for the rights of men, including those of their own submerged social levels, has shown itself in a variety of ways and manners. It is visible in the dismal slums which disgrace the most prosperous of European cities, in the remnants of feudal aristocracy with their medieval struttings and self-pretensions. Certainly not least, it is visible in the incessant wars which have perpetually disgraced the life of the European Continent and which have led directly to the present world crisis. Nazism and communism

were a direct outcome of the parent situation I have described, though it is fashionable now to treat these social catastrophes as being somehow independent phenomena which are themselves responsible for the present troubles of the European states.

IMPERIAL SOCIALISTS

Combined with Europe's separations and political splintering, have been the recurrent local tyrannies, and a determined steam-rolling imperialism abroad which has left the most dreadful effects upon both Asia and Africa, contributing heavily to the existing crisis. It was only by the most determined and courageous action on the part of our forebears that we here in America escaped it. Indeed it was only by a unique combination of foresight and resolution on our part, that our neighbors on the American Continent managed to maintain their freedom. This was done through a grim warning written by Jefferson and enunciated by Monroe, declaring that any European state which attempted aggression against any territory on this continent would run up against a wall of American men at arms.

It is worth at least noting that in protecting these states against the depredations of foreign imperialisms, we offered them neither subsidies nor arms; our great early Presidents did not saddle the American taxpayers with responsibility for their happiness and economies. We were content to protect them by a declaration of intention as best we could, and to let them work out their own destinies.

The cynical self-seeking which distinguished every era in European history in the incessant wars these states have made upon each other, has in our generation spilled over into the economic sphere as well. At this very hour when the slogan "Trade Not Aid" is being pushed with all of the arts of public relations fanfare to the American people, European exploitation of each other's welfare is at its worst point in history. Oranges rot on the ground in desperately impoverished Italy and Spain for want of market, while in Britain austerity rules and an occasional orange is a luxury.

EUROPE SPIRITUALLY SICK

We who have been so long accustomed to the free air of the United States do not readily grasp the cold and almost ferocious cynicism of the European point of view. Nor do we understand that this deadly uncooperativeness is directed not primarily at the United States, but at each other. The United States is just a Johnny-come-lately in the situation, and its principal importance to Europeans lies in its unprecedented willingness to pass out great sums of money on demand, request, or threat. The principal preoccupation of European states is still their colonies, their domestic suspicions and hatreds, and their morbid dislike for each other.

One way in which this spiritual sickness shows itself is the attempt of each European state, down to countries not too much larger than a postage stamp, to make itself totally independent of all others. The word by which this condition is described is autarchy, and the condition is called autarchus. This attempt to be autarchus is exactly the same as if my State of North Dakota determined to disrupt the

business of the United States by setting up independent automobile, ceramic, aircraft, chemical, and other industries, and to make good on these uneconomic enterprises by every manner of physical protection, conspiratorial action, and bludgeoning of the commerce of others, it can manage to get away with. Among the methods used is an iniquitous licensing system for imports, subsidies for exports, tariffs, bilateral trade agreements, barter deals, special tax dispensations and import controls, in short, every dishonest trick by which it is possible for a modern state to hold a knife at the throat of its neighbors. John Hulley, Chief of the regional staff of the Mutual Security Agency, told us frankly in the April 1, 1953, issue of the quarterly *World Politics* that in most of the European countries "government, labor, and business have joined to pay lip service to the ideal of a single market in Western Europe, while simultaneously proceeding either to block trade liberalization or to prevent anything more than the most insignificant progress."

PEGGED MONEY

Among the most vicious of these practices by which one state manages to victimize the commerce of others is the arbitrary fixing of money values. Free money has a value which is set entirely by what one may exchange it for in the open market in terms of commodities. Pegged money, as operated by the European state banking systems, is an arbitrary and fraudulent treatment of money values in which the national monetary unit by decree is given an arbitrary value which all legal business operators are forced to accept. The reverse side of this coin is, of course, the black market in money, which automatically ensues. Actually, it is the legal money which is dishonest, and the black-market evaluation which is honest, in this case, for the black-market level accurately expresses the true value of the monetary unit in the free market. In France at one time the Government was compelling everyone to accept the franc at a value of 150 to the dollar, while any concierge in any hotel could get the casual visitor 450 to the dollar on the black market and still manage to make an illicit profit for himself.

INTERNATIONAL GANGSTERISM

One is tempted to compare this setup with the so-called protection often sold by gangsters in American cities to defenseless shopkeepers, although the only defense the poor shopkeeper requires is against the gangster himself. The pegged money situation is a perfect expression of international gangsterism.

Take for example the British pound sterling. By official declaration the pound in 1949 had been worth \$4.03 in relation to the free American dollar. Anyone who wishes to deal in terms of British imports, or exports, could take it or leave it. Suddenly in September of that year and without warning, the British Government declared the English pound to be worth \$2.80 in relation to the free American dollar. The purpose of this maneuver was as usual a cynical one, that of being able to offer British goods in American markets cheaper, and steal a march on both its European and American competitors in

American markets. This was done not by recourse to time-honored laws of cause and effect, supply and demand, but by the meat ax of governmental edict.

What was the result? Shoes, crockery, and other British goods which really had to compete with similar American goods for our domestic market, reduced their price by the full 30 percent provided by the edict of devaluation. On such materials as Scotch whisky where British exports here found no competition, the price was raised at once to absorb the 30 percent devaluation, so that in terms of dollars it remained as before.

At about the same time, and taking their cue from the British, whom they accused incidentally of an attempt to ruin the trading economy of Europe, the French reduced the value of their franc from approximately 220 to the dollar to 350 to the dollar.

If an independent American businessman attempted to engage in this kind of piracy against organized society, he would immediately be tried and placed behind bars as an ordinary criminal. Yet the European states, and countries on other continents taking their cue from Europe, indulge in these sharp practices with impunity.

TREATY CONTRACTS MANIPULATED

The foreign states with whom we have treaty contracts by which they agree to liberalize their trade arrangements, in practice have done exactly the opposite. In addition to the usual bilateral agreements, import quotas and fees, license systems, export bonuses and price fixing, to which I have referred, they possessed in juggled money a perfect agency for painless defaulting on any agreement. As if this is not sufficient, they freeze payments of account altogether, or subject everything to quantitative or individual restrictions, altering required permits and licenses by day-by-day decision if it pleases them to do so.

Some idea of how this operates can be perceived from the third annual report on exchange restrictions issued by the International Monetary Fund. In the Argentine:

restrictions are exercised through licenses required for all imports, individual import quotas for some goods, licenses for nontrade payments, and through a multiple-currency practice resulting from the use of a basic, a preferential, and a free-market rate * * * a multiple-currency practice results on the buying side from the use of three buying rates, including a free-market rate. Some exports are controlled, taking into account the requirements of the internal market.

Let us think about this. Let us meditate on how complete this control is and how totally it responds to the lightest touch of the manipulator. Let us see, for example, what is meant by multiple-currency rates. It is precisely this: The Argentine peso is pegged, without relation to any true market value, at 3 different rates—5 to the United States dollar, $7\frac{1}{2}$ to the dollar, and a third or fluctuating rate, on the free market. In short, depending on what is purchased, and the so-called “desirability” of the purchase in terms of the Argentine economy, the identical Argentine peso has three widely differing values, amounting in effect to a control system of exports and imports which would defy any trade treaty ever made.

The exporter who sends to the Argentine goods the Argentine is seeking to discourage finds that he is paid in currency which is worth a good deal less in real money than that given another American exporter whose entry into the Argentine the Peron government is seeking to encourage.

There are preferred imports such as fuel oil, coal, and coke, at which the peso attains a 5-to-a-dollar rate. On other and less preferred imports such as foodstuffs, steel, tobacco, and industrial materials, the rate is 7½ to the dollar. All nonessential and luxury imports such as automobile and watch parts and motorcycles, are affected by the free-market rate, which is currently at 14.37 to the United States dollar.

BRITISH TRADE RESTRICTIONS

What manner of sense or effectiveness is there in an agreement with countries guilty of such practices as these? Now let us take Great Britain, which is loudest in its denunciation of what its leaders call our trade barriers and restrictive trade practices. I quote again from the third annual report of the International Monetary Fund. In the United Kingdom we find a complicated list of licenses, and restrictions which leave any and all decisions on the operation of trade in the hands of the British Board of Trade and the Bank of England. Not only must the American exporter contend with the opposition of a rigid cartelized competition quite capable of preventing even the possibility of physical distribution of his product in the British market, but he discovers that licenses are required for almost all imports. Moreover, the same system of licenses which applies to American imports, does not apply to imports from other countries. In short, there are favored countries, depending on whether they are part of the monetary and trade structure known as the sterling bloc, and depending also on the degree to which they are party to this bloc.

Let us take another item, the freezing of payments of account. This is very interesting in view of the great fuss which has been made over the American Army's refusal to accept a British bid for generators on the Chief Joseph Dam project.

An American exporter may in most cases sell in Great Britain. Theoretically, he can be paid. In fact, however, he cannot receive his money in terms of dollars or convertible sterling except by special negotiation involving high-level discussions with representatives of the state itself.

FREEZING OF FOREIGN FUNDS

The greater part of the savings of the Irish Republic are thus frozen in British hands. India has around 1 billion pounds sterling in the London Bank to her credit, but she cannot touch it. These funds are gradually released at the option of the British Government, and the Bank of England, an arm of that Government. These releases are conditioned always by the tie-in trade demands placed on the respective countries. Ireland, for example, would like to buy American coal but cannot do so without running the risk of

offending the Bank of England. The same is true of India and of other countries.

The sterling area agreements derive their efficiency from the very practices and exchange controls which were denounced at Bretton Woods and San Francisco. This web which expresses economic nationalism at its worst, extends in many directions. There are three or four gradations of integration of the various associated states, with the sterling bloc mechanism. We find for example the special anomalous situation in which the Russians through their connection with the fringe areas of the sterling bloc, are in a better position to buy cheaply and freely in sterling countries than is the United States. Transfers of capital to anywhere outside of the sterling area requires official approval, and even the amounts which may be taken out of the country by persons traveling on legitimate business is rigidly controlled.

The bloc includes the United Kingdom, the territories mandated to Great Britain, British protectorates, Saudi-Arabia, Egypt, Iraq, Iran, Ethiopia, and all of the Dominions with the exception of Canada and Newfoundland. It also includes a number of European countries which are bound to the bloc by an accumulation of sizable sterling balances which are permanently frozen unless utilized by continued transactions within the Sterling area.

EUROPEAN ECONOMIC NATIONALISM

As is the currency of other European countries, the pound is artificially pegged at a considerable overvaluation in terms of real exchange, and the exchange controls are linked with licenses to do business, import goods, or to make payment in dollars. Individual American businessmen seeking to trade in these areas can do so only by specific permission from the Government, and it will interest all of us to realize that this condition applies as much to Jamaica, Bermuda, and the other islands lying off our shores as it does to Britain itself, Iraq, or Africa.

Thus we find the British crying out of one side of their mouths for "trade not aid," a slogan incidentally originated by the very talented British Minister of the Exchequer, Mr. Richard A. Butler. At the same time, in their actual dealings the British themselves have created all the conditions of economic warfare and bilateral trade which British statesmen are so loudly decrying.

This economic nationalism has not failed to have its expected counterpart in the internal market of Britain itself as well as in the internal market of the other states associated in the sterling bloc action. These have to do as I pointed out before, with internal controls, subsidy schemes of all kinds aimed at curtailing the free market, and by the planned production and controlled exchanges of commodities. The result is the pattern, hateful in American eyes, called the cartel system. Prices are fixed, competition effectively done away with, and the market neatly divided up. The operation of such a system as this is contrary to American law, and indeed invokes criminal responsibility on the part of its operators. In Britain, France, and other European countries it functions with the active participation of Government.

ONE-SIDED "MUTUAL TRADE"

John Hulley observes in the April 1953 issue of *World Politics* to which I have already referred, that industrial—

organization exists in Europe today in the worst form, i. e., allocation of markets. Within each nation agriculture and heavy industry enjoy protected monopolistic position within which they can control prices and output.

A little later I shall refer again to these so-called mutual trade agreements. I shall not attempt to go into further detail at the moment, but will say here that none of these agreements are worth the paper they are written on. For one thing, they cannot do away with the physical fact of these gigantic monolithic enterprises with their unlimited capacity for conspiracy and predatory action.

This entire complex system of control with its dependence upon individual interpretation by government functionaries quite efficiently nullifies any conceivable reciprocal trade treaty which may be made between the United Kingdom and its associates, and the United States. In its essence it is no different from the piratical monetary and trade schemes originated by Hjalmar Schacht when that warped financial genius was operating for Hitler. These dealings we loudly denounced at the time as being both dishonest and untenable. Are they more honest and more tenable when they are practiced by the British and other friends?

What is honest and mutual about the manner in which trade is placed in a straitjacket, so that British coal has actually two prices, one for domestic consumption and another for the export market. In short, if the coal is to go to countries which urgently require it for their coking furnaces and industrial establishments, the price automatically goes up.

TIE-IN SALES PRACTICE

Material prepared by the Mutual Security Agency conceded such references as so-called "tie-ins" or combined sales by which "exporting countries agree to supply urgently needed items if trade partners agree to issue import licenses, for a satisfactory volume of nonessential goods." The sale of coal to an importing country may be made conditional upon the latter's issuance of import licenses for luxury textiles, confectionery, and so forth. Schacht did this to Yugoslavia before that country was invaded by Hitler's Wehrmacht, forcing the Yugoslavian return for the right to purchase some urgently needed machinery, to take a 50-year supply of aspirin in addition.

All of these high-handed trade and commercial maneuvers have developed from cause. They are there to protect high-cost, inefficient operations by which each little country follows a pattern of seeking to become as self-sufficient as possible.

The course which the liberalization of trade should follow was stated by Paul Hoffman in a speech before the OEEC on October 31, 1949:

The creation of a permanent, free-trading area, comprising 270 million consumers in Western Europe, would accelerate the development of large-scale, low-cost production industry. It would make the effective use of all resources easier, the stifling of healthy competition more difficult.

Actually to create this highly desirable condition, Europe would have to let down its existing political as well as trade barriers. It would have to form a United States of Europe, and put an end to its little Marxist cliques and the traditional self-seeking which have kept Europeans at each other's throats during all of these centuries.

Again we should remember that to speak of even the best of these countries as being democratic in our sense of the term, is a mere play on words. The Russians are fond of speaking of the "people's democracies" in referring to their own satellites, and if we are to include such worthies as Tito, the Greek royal family, and Franco Spain, it makes just about as much sense for us to speak of our so-called "democratic allies."

UNDEMOCRATIC DEMOCRACIES

Certainly none of the European or Asiatic states are democratic in the sense that their organizing principles allow for the existence of a true free-enterprise economy. As we have seen in our own international dealings with these countries, the same yardstick used in relation to our own production for export cannot be used in regard to that of foreign states. The export business of these countries is largely controlled by the state itself, which in one way or another manages it and is in a position to use it as a weapon of state policy. Against such a condition even the largest of our individual trusts is apt to be helpless.

Despite treaty declarations of any kind, trade barriers are erected which American enterprise cannot hurdle in foreign markets, whereas it is exposed to the prospect of ruinous competition in vital sectors of our own domestic markets. In fact, the very organizing principle which gives European competition its formidable quality, that of the cartel web, is, as I have stated before, expressly prohibited by our Federal law.

TITO'S YUGOSLAVIA A DEMOCRACY?

Although it is our wish to remain as friendly as possible with all of these countries, it is a piece of nonsense to describe them in terms of "the democracies," or, in other words, as partaking of a style of economic and political organization synonymous with our own. By what stretch of the imagination is Tito's Yugoslavia a democracy? Is it not a Communist state, as vigorously opposed to our own free-enterprise system as is China, Russia, and the other Communist countries? And may it not be suspected that the falling-out by which Tito and the masters of the Kremlin find themselves in opposition, may only be temporary? Simply because Stalin and Trotsky fell out did not make Trotsky a democrat or any more reliable from our own point of view, and it is entirely possible that Stalin's death may facilitate the reentry of Tito into the Russian system of satellites. There would be no loss of face to either in a deal between Malenkov and Tito on this subject. Certainly such an outcome is not more difficult of contemplation than the about-face which produced the Hitler-Stalin deal from whose effects only Hitler's colossal blunder in subsequently attacking this Russian partner, saved Europe.

Among the more moderate European nations, it can hardly be said that the states of the Iberian Peninsula under their twin dictators, Salazar of Portugal and Franco of Spain, are democratic in the sense of the term understood by us. For that matter, it has been stated categorically, and I think it is true, that the much criticized left-wing Progressive Party headed by Henry Wallace in the United States was still considerably to the right of the so-called Conservative or Tory Party of England, a nation proceeding along the road of mixed Marxist-Imperial-Monarchist principles. As an organized unit in world society, Britain is an anachronism, 94 per cent urban, almost without local resources, no longer able to protect its farflung empire from its countless enemies. Even the Argentine which covets the Falkland Islands, or Guatemala which considers British Honduras as irridenta territory, present serious elements of weakness to British position, as does Hong Kong, Gibraltar, and the very vulnerable schematic structure by which Britain rules such varied areas as Iraq, the Hadramut, Ethiopia, and Thailand.

BRITAIN'S NATIONAL SOCIALISM

At home, Britain's method of state organization contains none of the checks and balances provided by our own Constitution which give our Nation its peculiar character. The supreme authority in England is the House of Commons, against whose decisions there is no recourse. Even though the members of the House are constitutionally elected, the system is quite alien to ours and provides none of the safeguards peculiar to the American method. Like most of its European counterparts, Britain is in effect a Nationalist-Socialist country. Socialistic at home and imperialistic abroad, except for the question of violent degree and the depth of its racial ideology, its position is not basically different from that of Nazi Germany. The greatest difference in fact is not in organizing principle but expressly in the fact that the British are both moderate and disposed to temporize in seeking their objectives. Moreover they have been forced to play their hand from weakness, utilizing armed power as only incidental to economic and conspiratorial power, whereas the Germans felt themselves able to operate by the use of pure force alone.

On the question of cold war, this is an old conspiratorial maneuver in which the British are as expert as anyone.

THE COLD WAR ON IRAN

In the cold war which Britain has made on Iran, in an effort to bring it to its knees, the Iranians discovered that they could get no one to sell or loan them the tankers necessary to transport their oil. Indeed, they found that British pressures exerted through our compliant State Department had intimidated other European countries, who in consequence refused permission for their nationals to enter Iran as experts to be employed for the handling of the giant refineries. Iranians found themselves virtually ostracized, no one daring to buy Iranian oil at any price. Russia, of course, could not buy it, for the pipelines all run the wrong way—that is down to the sea.

When an enterprising Italian firm started to buy this oil and even succeeded finally in bringing some of it to Italy, the pressure put on them from all directions were so great as to literally force them to desist. In Japan an oil tanker, the *Nisho Maru*, arrived at the port of Kawaski near Tokyo with a shipment of 18,000 tons of Iranian crude—a shipment which the British Government had been unable to stop. Through the Anglo-Iranian Oil Co., the British Government appealed to the Japanese courts, demanding that the oil in the tanker *Nisho* be considered as stolen British property. This plea was refused by a Tokyo court which allowed the Japanese importing company to distribute the Iranian oil which its tanker had brought in.

Despite all of this, and without benefit of legal action, the Japanese Government suddenly announced that it was reversing the court's decision and that it wished to refrain from supporting trade which could damage good relationships with foreign countries.

One can well imagine the intense nature of the pressures which had been exerted to bring about so amazing a declaration as this, and the quality of the conspiratorial action by which it was sought to ostracize former Premier Mossadegh and to bankrupt his country. To this scheme our State Department obviously has been a party, though it would appear to fit in badly with our own stated preconceptions on the subject of foreign aid—that is, if these handouts and subsidies are not forthcoming, poverty and near-bankruptcy will throw these countries literally into the laps of the Communists. If this outlook is true in Europe, why is it not true in Iran? And if it forms the basis for our actions in one strategically situated country, why is it deliberately ignored in another strategically situated country? Would we tolerate such a punitive action against our neighbor Brazil, which is also nationalizing its oil resources? Would we consider this an infringement of the Monroe Doctrine, or would we consider the prospective loss of British commercial profits as the important overriding consideration? There seems to me a lack of consistency here.

“DISPOSSESSION IMMORAL?”

In this connection, an interesting advertisement appeared in the spring 1953 issue of the British publication *The Farmer*. The heading on this full-page statement reads, “Dispossession Immoral?” The body text continues as follows:

The Farmers and Small Holders Association believes it is immoral to dispossess any man of his own property for any reason whatever without appeal to common law. The association has been formed specifically for the purpose of protecting the rights of the individual farmer or small holder who may as the law now stands be dispossessed of his home and means of livelihood by order of the Ministry of Agriculture with no judicial appeal. Details of many cases of ejection for reasons other than “inefficient farming” are in our files.

This association of farmers asked for members, for the purpose of helping “all those who are being dispossessed of their freeholds and tenancies by the Ministry of Agriculture,” and “to restore in all such cases a right of appeal to our traditional courts of law.” It is signed by the Farmers and Small Holders Association of 14 Manchester Square, London.

Such an ad in an American paper protesting the fact that the American Department of Agriculture was dispossessing owners and tenants from their land without recourse in law, because of alleged inefficient farming, or any other reason, would be incomprehensible. In the fact that such an ad as this could appear as a matter of course in a standard British publication, is written the very large difference between the American and British systems and outlook on life. Indeed, the American system is unique in the world, with the exception of that of its neighbor Canada, though many of our neighbors to the Spanish south are endeavoring to emulate it. To compare our system and our situation with others, and to group all into the same category as being coequal, equating Luxembourg with the United States, Portugal and Yugoslavia with Italy and France, is an absurdity of the first order. To formulate a policy on such a total misconception is to incorporate into our state dealings the logic of bedlam. It is to restate in new terms the false syllogism: an eagle is a bird; a sparrow is a bird; they are both birds; therefore a sparrow is a eagle.

NO ONE SHOOTS SANTA CLAUS

If we incorporate into our estimate the calculated doubledealing, duplicity and fundamental self-seeking of these countries, the conclusion is appalling. It is simply this—if we have any friends among these states, it is not because of a determined identification of their interests and policies with ours, but only because no one ever shoots Santa Claus.

Since the first duty of the United States and of those who lead it, is the physical security of the country and its citizens, it is well for us to look at the record, for here is a springboard by which we may judge our future international course.

The change in outlook on the part of those charged with the formulation of American public policy proceeded in progressive steps. It was not the sudden outgrowth of what the Germans call a new Weltanschauung, or new world view, as opposed to an alleged old isolationist view. On the contrary, there has occurred no broadening in the national outlook, but rather the development of an essentially neurotic concentration on what has been called the "manifest destiny" of this country. The thinking has been described by the devastating term, "do-goodism," and the prophets themselves as "do-gooders." These are facile but feeble words which hardly describe the real situation, which is much more complex than this. At a later point in this discussion I shall endeavor to analyze this phenomenon in an effort to account for it. At the moment let us simply examine the record itself.

OUR GIVEAWAY PROGRAM

The giveaway program properly starts with the destroyers which were given away by the executive of the United States, without the approval of Congress or the people, to the British Empire. The Empire of course was in crisis and was fighting a terrible enemy whom most Americans looked on as cruel and vicious in the extreme. On this emotional basis the action might be understood, but it was followed by a series of others in kind in which the relationship of the United States and Great Britain became one in which the tail began

to wag the dog. We put up the money, the men, the know-how and the wherewithal, and the British provided the direction. This remarkable situation is examined in more detail below. There followed lend-lease, to which I make no further reference here. After that came the all-but-forgotten UNRRA program.

UNRRA was the beginning of a national giveaway program by which in scarcely more than half a decade we have handed to foreign nations in gifts, loans, and subsidies a total of more than \$70 billion.

What I am seeking to point is the essentially fraudulent representations made on behalf of each of these increasingly astronomical demands placed on the American Treasury. You will note that I refer to these representations as offered at the time by the United States Government to the Congress, as essentially fraudulent.

The record says that it is so. It is a record I wish to underscore in sequence, directly from the mouths of the responsible Government representatives.

Outside of spending a very large sum the real net result involved the financing of the then-loyal Communist Tito, and the jettisoning of our loyal wartime comrade, Mikhailovitch in Yugoslavia.

FIRST THERE WAS UNRRA

The one thing which should be mentioned in respect to UNRRA is that it was definitely understood by the Congress, and by the American people, that UNRRA represented the last of the major demands which would be made on the United States.

However, there followed soon after the Bretton Woods banking agreements, which were sold to the American people amidst great fanfare, publicity, and tubthumping. The American people and the Congress were informed that by financing a world bank the economic ills of our European friends would be cured for alltime. Their currencies would be made convertible, all barriers to trade would disappear, and in particular there would result a great expansion of our exports, both agricultural and industrial.

Dean Acheson, then Assistant Secretary of State, informed the Congress that the Bretton Woods proposals presented the country with a chance to avoid the disaster of economic warfare and of shrinking international trade—

by acting in common with the other nations in the world to put aside the implements of economic warfare and make possible an expansion of production and consumption in trade.

Franklin Delano Roosevelt referred to the Bretton Woods agreement as constituting—

our hope for a secure and fruitful world—a world in which plain people in all countries can work at tasks which they do well, exchange in peace the products of their labor, and work out their several destinies in security and peace.

By these messages, and by all of the force of propaganda wielded by big government, we were allowed to believe that this financing would constitute the last large-scale demand for help to be made upon the American people.

When this expedient collapsed, its inadequacies were glossed over in turn. Then we were told it was necessary to make loans direct to certain favored states. Specifically, in relation to the British loan,

we were informed by the administration that these moneys would rescue the British from their economic dilemma, that they would be used to reconstruct Britain's antiquated productive plant so that she once more could become competitive on world markets, and in particular would cause the pound sterling to become convertible. The American people once again were promised a greatly expanded export trade.

Secretary of the Treasury Vinson told the Senate Banking and Currency Committee on March 6, 1946, that—

the credit to England is in no way a precedent for other loans. Its particular purpose from the American point of view is to free a major segment of the world's trade from the currency and trade restrictions by which it is now shackled.

Then Secretary of Commerce Henry Wallace told the Senate Banking and Currency Committee on March 12, 1946, that the British loan—

will aid the revival of world trade and prosperity which is necessary to heal the economic wounds of war and insure the preservation of peace.

In similar vein Senator Barkley stated (April 17, 1946) that—

We are making this loan to Great Britain because it will enable nations to trade all over the world, instead of in restricted areas; because it will give an outlet to our products of farm and factory, and employment to American working people.

THEN THE MARSHALL PLAN

We all know what occurred—exactly the opposite of what was claimed.

Then came the much-vaunted Marshall plan, which it has been reliably reported should rather be called the Bevin plan, since it originated with that redoubtable and tough British Socialist Foreign Minister. Again we were told on behalf of this new spending orgy that the trouble with the world was that Europe's industrial capacity had been destroyed by war, and that it was necessary to rebuild it in order to place the European peoples on a decent standard of living and keep the Continent from embracing communism.

Once more the expected failed to occur. Instead of settling the economic affairs of the world and allowing for a climate in which mutual trade would flow freely, the opposite happened. Trade was further constricted, and the principal nations of Europe set up the same claim as before, that they were facing an even greater economic dislocation than the one which applied before the Marshall loan went into effect. Now it was discovered that the dislocation, instead of coming from too little industry, was coming from too much industry. Even little Greece was at 168 percent of the prewar 1938 level, and the average for all of Europe at the end of 1952 was 140 percent of the 1938 prewar industrial production level, and steadily going up.

THE MARSHALL PLAN BACKFIRES

Europe was now in the position of the United States in 1929 when it was overproducing in terms of the markets available to it. Forthrightly, Europeans began to point out that they were going broke for want of markets, and that they had no intention of doing so gracefully. Instead of the Marshall plan acting to enlarge American export markets as had been promised by American officials when

the plan was put into effect, American exports began to collapse under European competition. In America's own backyard of Latin America and the Caribbean, European producers with their low-cost labor rate, special tax exemptions and state subsidies, have begun to undersell American exporters by as much as 50 percent.

Contrary to all predictions, though the dollar gap of these countries has steadily shrunk, our nondefense exports are as steadily nosediving, and in 1953 are expected to be more than 25 percent below the 1952 level.

What is even more painful, European makers of capital goods are in some incomprehensible manner able to displace us in Latin American markets by offering much more liberal payment terms than American exporters can afford.

It, of course, is true that once American production is forced off the market, an action will be taken by state-controlled foreign operators to raise the price sky high, as happened with Malayan rubber and tin, which more than quadrupled in price directly after the onset of the Korean war.

DROP IN AMERICAN EXPORTS

There are ominous signs for the future, including a drop of American cotton exports. How, it may be asked, can the individual American producer of cotton compete with the state-controlled Egyptian cotton which, in turn, despite the tensions over Suez, is controlled by the Bank of England.

Let us consider as another example the current sales value of American Liberty ships. Owners of American Libertys who have been attempting to sell them during the past year, were offering these ships at \$475,000, with no takers. Foreign sellers of Liberty ships, however, were able to realize as much as \$800,000, in terms of the pound sterling. An article by Jacques Nevard in the New York Journal of Commerce, states that "this spread represents the difference in potential earnings of these vessels under the two types of operation." One with its high wage and maintenance bills, and the other with low wage and cost of upkeep. Thus, the high initial cost is more than offset by lower running expenses.

It is possible that in furnishing the money and instigation to expand the industries of European countries, we have increased the likelihood that they will refuse to link themselves with our international trade policies, and have actually increased the possibility that they will act as supplies of manufactured materials to the Soviet Union and its satellites. European governments have already openly begun to argue that their basic requirements involve an abandonment of collaboration with American policy, to allow these countries to deal with the Soviet Union and its satellites in terms of machinery and strategic materials and whatever else is desired, in a full expansion of so-called East-West trade.

It may be taken as axiomatic that the Soviets have not the slightest intention of offering any dealings to the West except in terms of their allover strategic requirements. They wish to return to the days when the British, the French, and others gave them exactly what they wanted in the way of machinery, materials, and strategic goods of all kinds.

THE HUNGRY RED MARKETS

The Soviet bloc provides an attractive and hungry market for Europe's mounting surplus of manufacturers, which otherwise must be considered in terms of the historic European market as ruinous overproduction.

Europeans now are also demanding the right to flood American domestic markets with cheaply produced European goods. The much-promised convertibility of sterling and other currencies and the elimination of the other carefully calculated barriers to American trade are as far away as ever, but the invasion of America's domestic market by foreign competitors is a hard and painful act, a matter I shall also return to later.

AMERICAN POLICY CONDEMNED

It seems to me that these foreigners have been the recipients of American largesse for so long that they take it as their natural right. They are incensed and indignant if anyone suggests that a quid pro quo may be in order, that our people are entitled to their own compensation for value received. We find the London Times under date of April 22, 1953, referring sonorously to the St. Joseph Dam incident of a year ago—

as a shock to this country and to others—

and remarking that—

there is deep disappointment at the United States failure to live up to the "good creditor policy" which she must follow if the dollar and nondollar world are to live in freedom and harmony together. American policy—

declares the Times—

is now being put to the test in the eyes of the world.

As a simple North Dakota lawyer, the very boldness of this kind of hokum literally floors me. Need we be reminded that it is the British themselves who prevent the pound sterling from being freely convertible on the markets of the world so as to establish reasonable parity with the American dollar. It is the British who exclude American business from British markets except under the most severe restrictions, and who freeze our money so that it cannot be taken out of their country even if earned. Yet here they are in the remarkable position of accusing the United States of responsibility for sterling nonconvertibility and for an alleged economic nationalism.

When I see this sort of thing I wonder sometimes if everyone has not gone stark crazy and if our publicists and public officials have not taken off to never-never land. The Canadian Government, which has a most limited capacity for the construction of heavy equipment, nevertheless has often refused the low bids of foreign concerns. United States News & World Report, in an issue of June 5, a year ago, stated that—

a large Italian construction firm recently found its low bid for navigation locks rejected by Ottawa. And a low bid to put British engines on Canadian Government ferries was also turned down in favor of a Canadian company.

In its relations with the mother country, Canada gives nothing away. It does not even figure in the fiscal policies of the mother country as a member of the sterling bloc. If it sends anything to England. Eng-

land is expected to pay in hard cash; and it maintains no such program even in relation to the mother country and the other segments of the empire as that covered in our giveaway or "mutual aid" setup. Yet on the St. Joseph Dam incident, Canadians joined the howling pack.

Is not this a modern illustration of the scene in *Oliver Twist* where the two young thieves who had stolen the watch from the innocent bystander chased after Oliver, in the forefront of the crowd, yelling at the top of their voices, "Stop thief!"?

BRITISH CONFUSION

Is it not also amazing to see Mr. John Foster Dulles and Mr. Harold Stassen indignantly arguing as counsel on behalf of the British manufacturer, and joining wholeheartedly in the cry which branded Secretary Wilson as a reprehensible economic nationalist, set on defeating the purposes of the free world?

Surveyed in this context, who can blame the British for being confused? Suddenly and unaccountably the cow refuses to be milked. So we find Mr. Paul Gore-Booth, director-general of British Information Services in the United States, complaining that—

we (the British) have been exhorted a great deal to be more enterprising, to use more aggressive salesmanship, and to penetrate the United States market with goods—

and suggesting morosely that having gotten the British to do these things, we have run out on them. Now outside of the very important question of why the British need a director-general of British Information Services in this country, an intelligence and public relations operation suggesting a massive intervention within our internal affairs, why should our public officials be in the publicly acknowledged position of urging foreign producers to "penetrate the American market"? This it seems to me involves a plain breach of duty, and a trespass upon the rights of the American worker, farmer, and businessman who have put these people in office and who are now paying their salaries.

No one bothers to make mention of the fact that of 16 recent heavy power equipment projects on which there were both United States and foreign bids in 1952, foreign firms were awarded 6, representing a full 42 percent of the total amount of money involved.

Two other projects are now pending which represent a full 10 percent of American annual manufacturing capacity for waterwheel generators. According to Mr. Gwilym A. Price, president of Westinghouse Electric Corp.—

the loss of these orders can mean more than a month's shutdown of all United States facilities in this field.

The inference is allowed to exist that even though our material interests may be affected, we are bound somehow by the so-called Reciprocal Trade Act, on the basis of which foreign nations have made certain offsetting commitments, and that the good faith involved may not in honor be disturbed.

This is of course rubbish. There is no such thing as a Reciprocal Trade Act. This is simply a name by which has been fastened onto the 1934 Trade Agreements Act by Government agents for their own

purposes. The words "reciprocal trade" do not even occur in that document. Certainly the terms "mutual aid" and "reciprocal trade" and ordinary tricks of verbiage, for the trade is not reciprocal nor is the aid mutual. It is only a weird and unexplainable policy of wastrelism and following after foreign goods, which has been pursued in one guise or another by the American State Department, whether under Mr. Acheson or Mr. Dulles.

INTERPRETATION OF ACT

When under all of the conditions which I have noted above we hear that the President of the United States has succeeded in exacting from the Congress a 1-year extension of the act which authorizes him to cut tariffs in reciprocal trade agreements, it is useful to determine what sources this stream of demanded authority springs from. Quoting directly from the United States Tariff Commission's booklet on the operation of the trade-agreements program, the President of the United States on March 2, 1934, asked for the authority to make such trade agreements as "part of an emergency program necessitated by the economic crises through which we are passing," and "as an essential step in the program of national economic recovery which the Congress has elaborated." He stated that the exercise of this authority "must be carefully weighed in the light of the latest information, so as to give assurance that no sound and important American interest will be injuriously disturbed" for "the adjustment of our foreign trade relations must rest on the premise of undertaking to benefit and not to injure such interests."

No one can misunderstand this language. It is crystal clear that the intention is not to give priority to the commerce of other countries, not to rescue someone from communism, but only to aid American production and trade. This I regard as a proper function of government in the United States. It was the authority with which the Congress of the United States invested the President.

This original act was to expire on June 12, 1937, but Congress extended it for 2 successive 3-year periods, first in 1937, again in 1940. Later, in 1943 and 1945, the act was twice again extended with several amendments.

EXTENSION OF ACT

These amendments handed authority to the President which should have been retained by the Congress itself, for the President does not make the law in this country; he merely administers and executes it. The most important of these amendments, that of 1945, authorizes the President to reduce the tariff by as much as 50 percent from the rates effective January 1 of that year. This would bring about a reduction of as much as 75 percent from the rates in effect under the Tariff Act of 1930, or under subsequent legislation.

In 1948 the act was once more extended. Recently the demand was made for renewed extension which, in effect, would limit the primary authority of the Congress and give the State Department the right to become the Government of the United States, vastly exceeding any function the Founding Fathers of our Republic visualized for that bureaucratic body.

It is true that the Trade Agreements Act of 1934 prescribes that before concluding any trade agreements the President "shall seek information and advice with respect thereto from the United States Tariff Commission, the Departments of State, Agriculture, and Commerce, and from such other sources as he may deem appropriate." There is also a Committee on Trade Agreements which is supposed to act in this regard, supplying the President with required "information and advice."

In practice almost total authority is delegated to the President, and since the chief executives of the designated departments are all appointed by him, it may be freely believed that this conditioning clause is of little value and bearing. What has bearing is the advice of the present Secretary of State, who apparently is responsible for the theories and policies under which this administration is continuing in all its major outlines the exact policies previously formulated by his predecessor.

MARSHALL PLAN MISCONCEPTION

Even in regard to the question of the growth of Communist and Fascist doctrine in the various countries, the arguments offered on behalf of the Marshall plan proved sadly in error. In France where both businessmen and peasants will promptly vote out of power any government which seeks to collect taxes sufficient to carry out the business of the state, where income taxes are simply ignored by the rich, where subsidies are demanded and received by winegrowers and other organized groups, and where everyone joins together to resist any cut in welfare spending, the attitude is that Uncle Sam should be allowed to carry the burden of the country's economy.

The French have taken almost a negative attitude toward government, with an average administration remaining in power no more than 5 months. A rich agricultural country, the French import more foodstuffs by twice than they export. It is probably true that the French budget receives a larger money contribution from United States sources, direct and indirect, than it does from its own domestic revenue systems. Yet despite the Marshall plan, offshore procurement, vast United States Army and other expenditures, every fourth Frenchman goes to the polls and votes Communist.

This must mean an infiltration of Communists everywhere in the nation's economy, social, industrial, and military. There is also a large Fascist group, who are nothing but left-handed Communists, and large groups of Marxian near-Communists, people who wish to attain the same goals but to do it without the use of bombs and unlimited violence.

MARSHALL PLAN AND COMMUNISM

The many billions poured into France at the expense of the American taxpayer, have not bettered this situation. The Communist Party is still France's largest political party, and the business of the country is still snafued and despoiled by the same doctrinaire groups, operated by the same venal cynical man, whose private ambitions provide almost the sole principle by which their actions are measured.

In Italy there is a similar refutation of Marshall plan theories.

The country has made a remarkable industrial recovery, some 43 percent above prewar levels, but despite this and American billions there has been a steady growth of both left and right parties and a heavy loss of strength by those political parties committed to social doctrines similar to our own.

Wherever the growth of communism has been stemmed in Italy, it may reliably be stated that this result had little to do with our system of handouts, and more to do with the operation of extraneous forces. In Italy where the existence of some 60 parties splits the electorate into many small political fragments, the Communist Party controls over 37 percent of the vote and comes within an eyelash of being the largest party in the country.

Ironically enough for the Marshall plan myth, in the heavily industrialized Italian north where there exists a comparatively high standard of living, we find the Communist strongholds. In these provinces where the average Italian per capita income is the highest, in the provincial elections of 1951-52 the Reds received 52 percent of the total vote. In Sicily and the toe of Italy where unemployment is endemic, where misery, hunger, and poverty are very real and very pressing, and where the per capita income is only half of what it is in the prosperous industrial north, the Communist strength as indicated by the last provincial elections, averaged around 37 percent.

EUROPE AND COMMUNISM

Moreover, in Italy the country which was to have been the most prominently affected by the great American Marshall plan subsidy, there has been an equally disconcerting growth of equally anti-American right-wing parties, with democratic coalition groups steadily collapsing into a vacuum. In the elections of the last year, both Communists and the Neo-Fascists made large gains. The four parties of the democratic coalition dropped from a total of 63 percent to 49.8 percent of the vote. The Communist bloc increased from 31 to 37.2 percent of the vote, and the equally violently anti-American monarcho-Fascists from 3 to 12 percent.

This may be a great success as the advocates of the Marshall plan and of the spend-and-spend philosophy insist—but if it is, then it may be said that another such success will ruin us altogether.

It seems perfectly obvious by the very nature of the demands now made upon us, that the massive increase in Europe's industrial capacity for which we ourselves have been responsible, has in no way solved the problem. The Europeans assert themselves unable to rearm unless Uncle Sam pays the cost. If the cost of our Armed Forces stationed in Europe is added to the figure of direct aid, the United States is putting up more money for the defense of Europe than is Europe itself.

Europeans continue to threaten us with the menace of communism unless we vacate our historic policy and turn over our domestic market to them. They demand that we placate the Chinese Reds and settle with this fourth-rate extension of Soviet power as if the government of Mao Tse-tung indeed had been the victor, and as if the blood of our 135,000 casualties and the untold billions we have spent in the prosecution of this war, had no meaning at all.

EUROPEAN MILITARY SERVICE

With one single exception none of the European countries even maintains a period of military service comparable to the 24 months which each able-bodied American boy is compelled to spend in the American Army. Though we send our draftees to Korea without hesitation, the French, far from standing at our side there, would not even send their own drafted men to Indochina where France's stake in maintaining its imperial hold was large.

These are nations which are immediately menaced, if any Soviet threat exists at all, yet no one seems to grow very excited over it. Norway, which is directly on the firing line, requires only 12 months of service in its citizens' army. The others for the most part demand 18 months, and even little Belgium, which now has a 20-month period, appears to be on the verge of reducing it.

If the truth be known, we have not even earned the good will of the European states, for it is the considered opinion of competent observers that somehow they seem to have managed to build up an active dislike for us. It is we and not the Russians who are looked on as being trigger happy. We are considered pompous, reactionary, crude, and selfishly rich.

COMMUNISM AND LIVING STANDARDS

I submit that this doctrine of groveling before the threat of communism everywhere is a false doctrine, if there is an absolute relation between communism and the standards of industrial production of other countries, making it necessary to intervene on behalf of the living standards of their peoples, in short, to be blackmailed into subsidizing them under threat of the alternative of communism, then, indeed, we are in serious trouble in our own hemisphere. The standard of living of the Mexican peon certainly is far below that of any of the north European countries, and perhaps of any European country.

It may be said that the standard of living in such South American countries as Bolivia (important to us for tin), or Colombia and Haiti (important because of their strategic location in geographical space), is even lower. The poverty which grips these people is both tragic and undeniable. Yet none of this seems to have frightened those who demand that we share the wealth with Europe. They are not afraid that the logic of their arguments offers the possibility of communism in our own hemisphere and on our own continent.

POINT 4

Let us now consider that other expression of national profligacy which is known as point 4, and which runs parallel with the Marshall plan project. The point 4 program is fulsomely described in a publication issued by the Government Printing Office under date of 1949 as deriving from actual American need. This, the guiding geniuses of our policy declared, demands an expansion in the productivity and purchasing power of the depressed countries. The expected and prophesied result was the expansion of our own foreign trade, both in respect to industrial and agricultural products.

To create a firm economic base for the development of these submerged peoples into good Democrats and Republicans, it is deemed necessary to wet-nurse them and their economies and to develop on their behalf an industrial structure. Our official statement warns: "without such an economic base they (the submerged peoples) will be unable to meet the expectations which the modern world has aroused in their people." America, of course, is asked to put up the money to make this doctrine good.

Here again the assumptions proved totally incorrect. All that came out of it for Uncle Sam was a headache.

POINT 4 MISCONCEPTIONS

Let us see where these claims floundered and why they were opposed to any possible favorable outcome. In the first place, practically all of the countries involved in point 4 are colonial possessions whose business is conducted at the point of guns held in the hands of European exploiters. The consistent purpose of these European masters has been to deindustrialize these lands rather than to industrialize them, to use them, in short, as sources of raw material and as exclusively held markets for printed cottons and the usual low-grade exports which may be sold to underprivileged people. Special care at all times is taken to insure the native keeping his place and to prevent his developing ambitious ideas by which he would aspire to become master of his own affairs.

It should be noted that even if the money could be expended to make these countries economically independent of their exploiters and politically free in fact, this action would not redound to the benefit of the United States. It would steal still further markets from over-industrialized Europe and Japan, galvanizing their gaze even more hypnotically in the direction of the hungry Soviet East. These new industrial developments it may be assumed, would add to the already existing overproduction in cotton, wheat, tobacco, and other commodities. It would result in the erection of such light industries as weaving and small manufacture. The British would do their best to exclude these from the sterling bloc, and other overurbanized states would similarly seek to protect their own sovereign interests. The single big market which remained to be appeased would be that of Soviet Eurasia, to which of course these countries would turn.

Is it not a hopeless concentration on will-of-the-wisps to see our welfare enmeshed in the ability of others to secure an equally high standard of living, or an equally secure welfare? During the entire existence of our Nation there have been depressed countries in the world. Our little island of prosperity has acted like a lodestone, as I have remarked, to people from everywhere, attracted to it and to the principles which have brought it about. To make all of these people over into our image we would have to change not only their standards of living, but their standards of political and social organization, their relations with others, as, for example, the relation of colony and colonial oppressor. We would have to jump the great gap in education, moral grasp and understanding, and would somehow have to confer upon them a public mind and tradition similar to our own.

I maintain that this is more than we can handle, and certainly it is more than anyone should rightfully demand of us. Nor do I think for a moment that Providence has committed into our unwary hand any such painful burden as this.

We do not need to look far—Iran, which British influence caused us to abandon in midstream; India, with its 450 million people, which though a member of the United Nations, claimed to be neutral in the Korean struggle.

POINT 4 AND COLONIALISM

Let us take another example, Malaya, where we have implemented a sort of point 4 by synthesis. We deliberately directed our policy to the purchase of strategic materials from that country on the score that Malaya is Britain's biggest dollar earner.

Just what is meant by that? Is little impoverished Malaya, whose natives run around in loin cloths and sandals, so flourishing as to be indispensable to the welfare of the British Empire? I submit that if the proceeds of the sale of Malayan resources are of such critical importance to the British economy, the British are not even acting the part of honest brokers and must be abstracting almost the whole take and putting almost nothing back. Also, then, if this economy is so flourishing as to be the most important earner of dollars for Great Britain and, indeed, for the entire sterling bloc mechanism, why is it that the country is in the ferment of revolt so that virtually the entire exportable British Army has been pinned down for years by Malayan guerrillas? Certainly it cannot be because a large enough price was not secured for Malayan commodities. In fact, we as the major purchaser, were thoroughly gouged based on an appreciation of our self-apparent need. Rubber which the day before the Korean war had sold at 28¼ cents, skyrocketed in 6 months to 86 cents. This nice profit also may be noted in that other important Malayan export, tin, where the price leaped in a matter of months from 76⅔ cents to \$1.84.

Can it be alleged that American exports to Malaya have benefited through this? Or even that there is any active good will for America and her purposes there?

POINT 4 HAS ALSO FAILED

There is nothing which could be accomplished by any point 4 activity anywhere which does not already exist in the unstinted flow of American dollars for the purchase of Malayan commodities. If it is alleged that these dollars were drained off by a foreign interloper, would not this same fact be true in the case of any of the point 4 countries? Are not all of them dominated by the self-interest of colonial states, or by the selfish particularisms of purchased or puppet rulers? Is not their business administered in fact by the cold-blooded bureaucracies of European states? Must not even such allegedly independent countries as Iraq, Ethiopia, and Thailand be considered as within the web of colonial domination? These are in point of fact no more free of Great Britain than Poland and Hungary are of Russia. It is said that not even a garbage collection concession can be secured in Bagdad without the consent of the British resident, who is the real ruler of the country. The country itself is occupied by British air-

planes and British troops, and if there is a tribal rebellion, it is they, and not the Iraq Army, who put it down. In ostensibly free Jordan there is not only a British resident who is the true ruler rather than the youthful king, but the so-called Jordan army is equipped with British uniforms, served with British munitions, and led by a British general known as Glubb Pasha.

Are we not justified in assuming then, that the bulk of the money which is poured into submerged or point 4 countries will actually find its way in one manner or another into the pockets of their colonial masters?

As for the allegation that the industrialization of these territories somehow manages to democratize them and increase the respect in which western Europeans are held, this is altogether an expression of the publicist's and propagandist's art. I need only point out the tragic case of Africa, into whose physical regeneration the British are diverting billions of dollars. We all know of the bloody Mau Mau killings there, which represent in effect a determined rebellion against the domination of the whites. A similarly explosive situation exists in potential all over Africa today. As in Malaya and other parts of southeast Asia, the Communists are having a field day. Communist infiltration goes along rapidly and successfully under the guise of local patriotism and of local rebellion against the foreign overlord.

MISCONCEPTIONS ON EXPORT TRADE

It may very well be remarked that the entire contention that somehow an affectionate regard for us is fostered by handouts, or that an extension of our own foreign trade is involved in the industrial growth of other countries because they are thereby enabled to buy more, is essentially untrue. Reference need be made only to the case of our great neighbor to the south, Brazil, which has undergone an enormous expansion of both its agricultural and industrial potential. This has involved the erection of major cities such as São Paulo in the south, referred to as the Chicago of Brazil, the opening up of whole territories to the plow, and the building of mills, plants, and factories of all kinds.

This great industrial expansion has brought into being problems of its own, just as it has brought such problems to the more highly industrialized states of Europe. As a net result, the tightest of import rules have been imposed upon the Brazilian economy. The Wall Street Journal quotes a big Rio de Janeiro steel importer as saying that to get "a steel import license these days is about like hitting a winning number on a lottery." Import curbs of every kind are sending imports from America down the toboggan. In 1952 these ran a monthly average of \$47 million. They are now less than half this amount. The American International Harvester Co., estimates a drop in sales from 1952 of 67 percent for the current year. Other American companies estimate similar drops, differing from each other only in amount and proportion.

What does this mean? Only that the assumption of some direct relation between industrial expansion and American export sales, is theoretical nonsense. For here in Brazil is a perfect case in point—a country expanding industrially at probably the world's fastest rate,

with the net result of an enforced decline of American exports there.

It seems to me self-evident on the record, that ever since we decided to abandon our historic policy of no entanglements with Europe, we have been involved in a continuous sequence of crises which are the heart of our present difficulties—both domestic and international.

THE SAVE-THE-WORLD MYTH

This preoccupation with the save-the-world myth has resulted in a foreign policy with almost a minimal record of success. There has been no failure on this colossal scale in the history of American diplomacy. It has not even served to gain for us the friendship of those who have been most favored by it, a result which it seems to me also is inescapable, for one cannot buy friendship with handouts or by some unfathomable principle which allows us to give and give without seeking any measure of responsibility or any quid pro quo in return.

The result, as always in history, again speaks for itself. The conclusion is unmistakable. In Korea where we have had scant military help, and where our associates in the United Nations have turned out to be major suppliers to our Chinese enemies, can it be doubted that even the mild restrictions we have been successful in imposing on these practices are resented by our European friends, who are restive and annoyed over what they are pleased to consider an intrusion on their so-called right to trade where they please?

There is even talk of retaliation on the part of Europeans against what they neurotically imagine to be an injury to them by us, since we will not open our markets for a one-sided invasion by their products. It is stated, for example, in a Whaley Eaton newsletter of May 5, that Britain—

will submit alternative proposals on sterling trade at June's commonwealth conference at Strasbourg. The plan would link Europe and sterling by "secondary preferences" against dollar goods. The present exclusions working against the American manufacturer would become even tighter, as presenting "the only policy open if America refuses to play her part in closing the dollar gap."

EUROPEAN STAKES IN OUR ECONOMY

Thus this dreary theme of double dealing, of one-way action, if not of downright dishonesty, continues, with the United States not only the victim but the object of indignation wherein we are saddled with European failures of all kinds, and threatened with a return to the old days of "discriminatory bilateral deals."

These are, of course, meaningless words and empty threats, which cannot be implemented any more than they already have been. All of these states are the recipients of tremendous benefits from us—monetary, trade, military, and otherwise, and have no intention of letting this beneficent situation be altered if they can prevent it. In fact, most of this caterwauling—for caterwauling it is—may be assumed to be nothing but a bold effort to condition American public opinion favorably to European causes. There is reason to believe that the British in particular spend considerable sums of money in this direction, a condition I shall refer to again.

The extent of the European stake in our economy has become truly astronomical; how fantastically large may be conveyed by reference

to the total budget of the United States during the time when Calvin Coolidge was President, which came to only about \$3½ billion.

SEVENTY BILLIONS IN FOREIGN AID

Today the total of foreign aid directly given, and in indirect subsidy paid for by the American taxpayer, must be close to \$70 billion, if everything is considered. Billions are being spent on United States troops, bases, and facilities in Europe. In a very proper sense the troops, bases, and other facilities we maintain in Europe may be regarded as a sort of second tourist income source, shoring up shaky European fiscal systems. It is estimated that maintaining our troops and bases overseas, exclusive of Korea, comes to at least \$12½ billion a year.

At least \$3 billion has been spent on so-called offshore procurement, which may be looked upon as another design to defeat the will of the Congress, for it has been clearly intended that the manufacture of military equipment and material for American security purposes, be in the hands of American industry.

If more subtly contrived measures are considered, such as stock-piling and other arrangements geared to support European monetary systems, the total moves into unknown figures. If lend-lease and other similar outlays are added in, the total in aid to foreign countries must be well over \$115 billion, and climbing rapidly.

At a moment when even Great Britain and Canada are cutting and reducing nonwelfare expenses of every kind, Messrs. Eisenhower and Dulles are continuing the exact policy followed by Truman and Acheson. The difference between them is not even one of applied semantics.

American aid in 1954 was approximately \$5½ billion. Offshore procurement was at the annual rate of another billion. Various indirect aids through gifts, subsidies, reinterpretation of customs and tariffs, etc., brought the total to well over \$8 billion. In addition are the tremendous sums spent on American troops and bases abroad which have had the effect of an additional and unrestricted subsidy.

CEILING ON AMERICAN DEBT

This brings us to the question of the legal limitation which exists in respect to the American debt. Under present law, there is a ceiling of \$275 billion, which is the total of the debt which the Treasury Department may incur. At present rates of expenditure this ceiling has already nearly been reached. The already existing debt in itself is a millstone around the necks of the American people. It cannot be wished or waved away, and will have to be paid for by untold generations of Americans who will be born enslaved to it.

Like every other measure intended to safeguard our welfare, this barrier to ruinous expenditure also will probably be set aside, but it is well to make the American people aware, and to warn them that in the end they will pay for it. Despite all the fancy talk and the high-flown words, when cold reality finally calls the hand it will be their standard of living which will be reduced in order to bring our national books into balance again. The day of reckoning may be pushed off but it may not be avoided.

Even in a country rich in basic resources, one is apt to forget that existing wealth and prosperity represent in large part the cumulative savings of men who created it by their unaided sweat, skill, and determination. By forgetting that the great national resource is always people and their will to exist in freedom and honor, one may see wealth as being independent of the energies which created it. Then it is always possible to parade specious conclusions, distorting the essential figures or reinterpreting them, so that they become miraculously responsive to the purposes of the men in power.

The normal laws of cause and effect, however, may not be manipulated. They may only be obscured, for the power to repeal them is not given to men.

In view of the sobering facts of today, is it out of order to point out that our national resources, though large, are not limitless? If they are to be squandered, it is only a matter of time before we scrape the bottom of the barrel. The question of their depletion hence is not one of academic concern but one of immediacy, and one possessing very real and sobering possibilities.

THE HARD FACTS OF LIFE

Coming from a State where life may not be as complicated as it is elsewhere, and where men still reason simply, it is not necessary to point out what happens when a farmer literally mines his soil, taking everything out and putting nothing back. Our President, who comes from the great corn-raising State of Kansas, undoubtedly must be aware of many tragic cases where fine cornland, blessed by the Lord with almost magic fertility, has been leached and mined by improvident and heedless owners until it has sunk to a submarginal status or has even been abandoned as worthless to the plow altogether.

These are the hard facts of life, and one has to be born with a silver spoon in his mouth to think differently. Those of us who have had to work hard in the American way know the need for husbanding and conserving our resources. Experience has taught us above all that no one, individual, corporation, or nation, can spend his assets and have them, too.

UNITED STATES INVESTMENT ABROAD

Even on the moot question of United States investment abroad, now being so unaccountably promoted by the Eisenhower administration, as it had been by the Truman administration before it, it may safely be considered that this is another expression of American political Messianism. In a world where socialization, with its virtual expropriation of foreign investment, is a common occurrence, where capital is often treated as being an exploiting agency in itself, where invested as well as earned moneys are frozen and may not be taken out by the American investor, or where the foreign investor is treated as a dangerous interloper and subjected to increasing taxation and limitations by law, the question of expanded foreign investment should at least be considered doubtful. Yet we find virtually the entire Government of the United States, with its Treasury and Commerce Department and other related bureaus, encouraging, promoting, and demanding that American money be diverted to the various countries whose welfare we are seeking to promote.

There is now some \$15 billion of United States investment abroad, and it is sought to raise this to \$25 billion, all without guaranties or acceptable assurance whatsoever from the recipient countries. These beneficiaries talk liberally of cooperation but refuse to abide by the rules of ordinary good conduct or even fair play. Moreover, insofar as part of these moneys go to the so-called undeveloped or dependent countries, the peoples of these territories have every right to anger and apprehension in feeling that by thus funding and supporting European imperialism, the American Nation has made itself their appointed enemy.

Almost without exception all other nations discourage and even prevent altogether such investment outside of their own fiscal control systems, and consider it an untenable drain on the national resource.

Everywhere we see the same disquieting picture of a mutual aid which operates only one way. Certainly I can be forgiven if at times I think we fought the Revolution of 1776 for nothing and that the United States is still a colony in the true sense that a colony exists, functioning principally for the benefit of the mother country.

DULLES SAYS "SPEND MORE"

In the Weekly Review, a summary of political and economic intelligence prepared in Britain and widely distributed in the United States to businessmen, political leaders, and others, the blunt declaration is made that—

Mr. Dulles is very strongly convinced that America should use her immense wealth to create a vast mutual trade area, embracing, in particular, all central and southern Africa, the entire British Commonwealth, and as much of the rest of the world as possible. Eisenhower agrees with him. So do a growing number of powerful commercial bodies which have been briefed with the military and economic facts by the administration.

If this be true, what a frightening and disastrous commentary it offers on the present floundering course of the American ship of state. It says that we are to be driven to the very edge of catastrophe, and that willy-nilly we are traveling the road described by Lenin when he declared that America would be brought to its knees by internal bankruptcy brought on by the unlimited squandering of its resources.

A DISSOLVING AMERICAN ECONOMY?

The Russians count on the fact that they will never have to fight a war against us. Just as they took China and the other satellite countries by a mixture of guile and force, aided by the moral collapse and impending bankruptcy of the victim states, so they calculate the biggest plum of them all, the United States of America, will fall into their hands by the dissolution of its own internal economy. This is an end which they are pursuing and promoting by every strategic effort at their command. Though we have been assured by our leaders over these many years that by this squandering of our assets we somehow are confounding the Kremlin, it may be that our action fits in very nicely with Russian policies and that instead of being resisted, it has been promoted by them. I do not know what other conclusion can be drawn from the fact that we have continually been stimulated into this course by Moscow. Whenever we seemed to be settling down into

some sort of complacency, the Kremlin could be relied on to agitate some new segment of the world's economy, inflaming American nervousness again, and causing us to continue in the role of Uncle Sucker who is black-mailed from all corners of the globe on the score that communism threatens and that those threatened will not resist unless we manage to buy them off.

This situation has gone to the point where it subverts any possible rational approach to our problems. It is not an exaggeration to say that it directly threatens the existence of the American people, who are truly standing alone in the world today, and who moreover are wrecking their own internal economy and their own defense mechanism in a terrible and unproductive effort to play the role of anointed men, appointed by Providence to lead humanity out of the morass in which they move, to follow our Mr. Dulles and his associates into the sacred precincts of the millenium.

This spirit permeates the entire administration, which is not a changeover but an inheritor from the previous administration.

BOWLES SAYS SPEND STILL MORE

Mr. Chester Bowles, who 2 years ago was United States Ambassador to New Delhi, has told us that—

we should offer both India and Pakistan the same bold assurance that we gave Turkey and Greece and later the nations of Western Europe in 1947, that we will not allow their economies to fail in the next few years for lack of financial resources.

Neither India nor Pakistan has given us a modicum of identifiable support in our struggle against Sino-Soviet aggression. India in particular favors pacifying the Chinese Reds by jettisoning Chiang Kai-shek, and wishes to see Red China seated in the Security Council of the United Nations. In common with other British Empire associates, it is plumping for East-West trade, whatever the result in dangerous buildup of the Soviet industrial warmaking base, and accepts the new international gospel that Uncle Sam is selfishly rich and that it is his duty to support the world and to bring the standard of living everywhere into equalization with that in America.

This latter expectation, this concept of the ordination and duty of Uncle Sam to act as a minister to all of the people, is not only unique but unprecedented in international life. Even the Soviet Union, considered fanatic in its pursuit of doctrine, insists on value received in all its dealings, whether with its satellites or elsewhere. In fact one may well believe that in practically every case it exacts more than it receives.

In every case, including that of China at war, a quid pro quo is involved for all assistance the Kremlin sends. Moscow does not give anything for nothing. It exacts a price and condition in which the paramount interests of the Soviet Union themselves are always the leading element.

AMERICAN GOVERNMENT FOR AMERICANS

I have always taken the position that while it is right and proper for Americans to assist foreigners when they are in trouble, it is not the primary duty of the American Government to look out for for-

eigners first and Americans second. Under circumstances such as followed after the historic earthquakes in Japan, Americans rose magnificently to alleviate the suffering; but it is not our manifest destiny to remake the world or to remake the relationships of the countries to each other or to their own internal goals. To do so means that we will have to sit in judgment on a myriad of causes—on their colonial imperialism, their Marxist tactics, the way they treat their minorities, and, in fact, every detail of their national operation.

Certainly we can take no responsibility for their internal concerns, for their standards of living, and for other factors which dictate the terms of their existence, unless we are able to exercise over them and over their future the same authority which the Russians wield over the lives of their satellites. This we obviously cannot do; it is an outcome every right-thinking American would shy away from. It is not within our philosophy of life to be dictators, but only a frank dictatorship and coldblooded imperialism is capable of assuming such responsibilities successfully. A free nation like our own attempting to operate on the highest of moral standards and eschewing any attempt at interference with the internal life of these pensioned states, can rely on nothing from them but resentment, and will not even receive the quasi-advantage of vassal to master.

UNITED STATES "EXPORTS"

We can juggle figures as much as we please in an effort to make the mutual-aid principle look different from an ordinary swindle, but one need not look far to understand that it is the Treasury of the United States which in real effect is financing the great bulk of the purchases made in this country from foreign sources. Comparative figures relating to levels of foreign trade, or levels of export by ourselves, must be examined with the utmost care. Otherwise there will be found serious questions of logic, management, and accuracy, which underlie these figures and change their meaning. For example, a change in the pegged value of sterling, or of the franc, can contrive an automatic change in relative import-export position which is all appearance and no reality. Or by increasing military shipments, which are a case unto themselves, our export can appear immense. Our actual loss of commercial export shipments in March of 1953 against the same month the year before, was 21 percent, but an increase in military shipments of 181 percent almost equalize the total figure in which it was buried.

The true fact is that much of the money to pay for foreign purchases in this country is derived from the tax moneys of the people of the United States by way of the United States Treasury. In the truest sense these purchases are gifts.

THE HOAX OF RECIPROCITY

It is equally true that the Treasury of the United States is underwriting the industrial establishments of these same countries. So in effect it is we who pay for the exports; and by the same sequence of reasoning it is largely we who finance the imports which enter our domestic market to compete with our home-produced goods.

Any examination of this question of reciprocal trade, if subjected to ordinary yardsticks of measurement, makes it apparent that we are being made the victims of a sort of international hoax, on which our leaders keep conveniently silent. The nations who exclude us from their domestic markets are in the process of invading our own, where they are able to offer cutthroat competition to American industry with its high labor and production costs.

The plain fact is that on the mistaken presumption that there was somehow an absolute connection between the economic capacity of Europe to produce and the willingness of its population to rush headlong into communism, we have urged and stimulated the Continent to produce more than it has legitimate market for. Now we find Europe plagued with this very problem. To relieve it, it is demanded of us that we open up our own markets still further, to absorb the surplus which we, ourselves, are responsible for creating.

Thus prompted, Europeans, with their vast pools of cheap labor in the colonies and low-wage standards at home, are going ahead on a course of unconditioned industrial expansion. Since this expansion bears no relation to existing market, it must in the end thrust them into the necessity of trade with the Communist East. This situation I shall come back to presently. Not only are we financing these people but we are teaching them efficiency. Their great advantage obviously lies in their pools of cheap labor. The things they want from us in particular are jigs, dies, and heavy machinery for the producing of consumer goods. In short, they are building a competitive industrial society which in the end will either supply the Soviet East, or will be in unrelenting competition with us all over the globe.

AMERICANS MANUFACTURING ABROAD

If we can see 2 inches in front of our nose, we must know that one day we will have to pay the piper for this binge of emotional madness. Even today more and more American companies are manufacturing abroad, buying or building plants in order to have access to the pool of cheap labor which exists there. In this way they are able to serve foreign markets more easily, and even to export to the United States. This trend is firmly established in whole sectors of our industry, in the manufacture of cameras and film, automobiles, and chemicals, and is rapidly widening. There are automobile and other American manufacturers who are actually building and exporting for sale to the United States, well-known American brands and makes, including motorcars. In short, Europeans have our money, and are now in a fair way to capture our industry itself.

UNEQUAL COMPETITION

Certainly the same measuring rod used in relation to our own production for export cannot be used in regard to that of foreign countries. Their labor standards and conditions of operation lend themselves to far cheaper production. Fully as important, these countries possess managed currencies, and their semiauthoritarian structures give them the advantage of being able to underwrite their exports and to achieve strategic goals by cutthroat competition.

foreign oil waste is supplanting coal for use as fuel in many eastern industrial centers. The production of coal in 1953 has dropped 20 percent below 1952. Prices of bituminous are sagging. Small soft-coal mines are closing.

Even more important, in view of our military requirements for war, is the fact that our lead, zinc, and copper mines are shutting down. The reason? Cheaply produced, state-controlled lead, zinc, and copper from abroad. It is impossible to compete with the gigantic African mines, for example, with their depressed standard of labor, if mine owners are to operate under the conditions American labor rightfully demands.

How can one relate the position, even on such basic raw materials as these, to the loud outcry being made by foreign states against our alleged economic nationalism and high tariffs? Actually, these tariffs are not high, and have been steadily declining over the years. Before World War II the tariff on lead and zinc came to about 40 percent of selling price. Today it is only about 8 percent; but even this minor percentage seems to annoy our friends abroad as representing an unwarranted interference with their exploitation of our market.

DRIFT TO DEPRESSION?

It is submitted that our domestic market is not capable of absorbing unlimited shock. Farm income has fallen by more than 8 percent in a year and is still dropping. All sectors of our economy are showing signs of regression. Retail sales are off, and even homes are beginning to be a drug on the market, except in the low-price ranges.

The latter situation is not due to the fact that full consumer demand for homes has been met. Certainly the Nation is not overbuilt in this respect. The need for new construction could not be filled for years.

The condition is due entirely to the fact that people increasingly feel themselves no longer in a position to buy. The pressure of taxes and the gradual decline in whole sectors of our national economy, remain the responsible factors.

The pressing need for schools and for hospitals is equally great, but our communities do not feel themselves able to accept responsibility for these costs.

A considerable proportion of informed and authoritative opinion believes that we are drifting toward actual depression. This appears to be the considered judgment of many Government economists and is reflected in certain measures undertaken recently by the President's Office itself.

Under the circumstances, is this the time to place our domestic market under still greater strain by removing even those minimal safeguards for American production which now exist?

Yet we read in the widely syndicated newspaper supplement, *This Week*, an urgent piece of "Trade, not aid" propaganda in which the bait of lower prices on everything is held out to Americans. The president of Britain's powerful board of trade, Mr. G. E. P. Thorneycroft, is caused to say piously, "We ask for the free and fair competition which has been the mainspring of your country's expansion." Yet Mr. Thorneycroft's organization has been instrumental in ex-

cluding American imports to England by methods which under American law would promptly land him and his associates in jail for conspiracy.

The author of this article quotes Henry Ford II, who now builds Fords under the name of "Consuls," in England with low cost labor, reshipping them to the United States for sale, as demanding "a new law without loopholes, encouraging the most rapid possible elimination of all tariffs," and the abandonment of the Buy American Act, which limits Government buying of foreign goods.

OFFSHORE PROCUREMENT

Should we not do the reverse, and eliminate such unsound practices as those concerned, let us say, in offshore procurement? It appears to me that the spirits of these practices results in overturning the manifest will of the Congress, handing to foreign nations billions of America money which do not even show on the subsidy sheets. If we are to give these vast sums away, would it not be proper to at least possess the advantage of doing the manufacturing here so as to aid the American worker and to put a door under our threatened economy?

PURBLIND POLITICIANS

I, for one, am fed up with the whole of this situation, and with the excuses made for it. Arguments on its behalf appear to me to be no more than pious quackery, whose instigating sources urgently require investigation.

Up to this hour the bureaucrats and politicians still remain urbanely purblind. They do not bother to conceive that if there could be an Alger Hiss there can be still other Judas goats operating in our higher echelons for causes not our own. Never looking outside of their blinders, they bandy the words "reciprocal" and "mutual" in a manner which gives these familiar words new meanings, an aptitude they have in common with our Communist enemies, who do not hesitate, for example, to refer themselves as the "peoples democracies" and the "peace-loving countries."

In order to assist in maintaining the price on Malayan rubber we are told that the administration is "giving serious thought to boosting the price of synthetic (American produced) rubber." The proffered reason is to realize additional earnings from the Government's synthetic plants before they are sold to private industry. The real reason obviously is to further bail out our associates abroad. Meanwhile these same "friends," as I have pointed out, have pulled out of the International Wheat Agreement, haggling over a minor difference of 5 cents a bushel. At the very moment when wheat is literally running out of our ears, it appears that the British are to be supplied by a bilateral deal with the Kremlin for Russian grain. Reversely, when it comes to commodities controlled and marketed through cartel and government manipulation, they are practicing dumping, even on our domestic market. This has already ruined our lead, copper, and zinc mines, and has cut our cotton export to 2,455,000 bales from the period of August 1 through April 30 last, as compared to 4,891,000 for the same period for the previous year.

“WE MUST HAVE FRIENDS”

All of this looks like a scandalous misdirection of statescraft in which Uncle Sam has been elected to attempt to support the world on shoulders already growing shaky with the immense burden which has been loaded upon them. At the very least it is an offense to the American citizens who must work harder to pay increasing taxes, and who must expect less in the way of living standards for his family and education for his children, in order to continue with this constant drain on us.

There is an old axiom which says, “I will protect myself from my enemies, but God protect me from my friends.” President Dwight D. Eisenhower, a distinguished American who has received the greatest distinctions within the power of the American people to grant, recently alleged in defense of exactly the record which I am reciting today, that we “cannot go it alone,” that “we must have friends.” Through his own attainments and his occupancy of his present eminent office, due attention must be paid to his utterances; but should it not be pointed out to him that friendship involves not only gratuities but mutual responsibilities, a willingness to stand resolutely at the side of comrades in arms when the going gets rough, and that it comes to something more than a periodical attempt to squeeze dollars from the old soft-headed guy with the whiskers?

While we are on this subject, the entire NATO plan is nothing but a delusion. It is replete with distortion of the fundamental facts, if the issue relates to our ability to defend Europe against actual Russian aggression, and to Europe’s willingness to defend itself.

NATO A FAILURE

However, one does not need authority to understand that NATO is an unrelieved failure. During all of these years the treaty alliance, which gives it effect in France, has not even been ratified by the French Parliament. It can be expected that the French will continue to stall it indefinitely. Their purpose seems to be more that of preventing German rearmament than of building their own military establishment. The Germans in turn are seeking to lay down their own conditions for associating themselves with NATO, and sometimes give the impression of having adopted a pacifist and non-military attitude. The British are sabotaging the political and economic unity which would make it operable; the Spaniards, West Germans, Swedes, and Swiss are no part of the arrangement; and the entire principle of earnest arming and mutual support, even of the borders of their neighbors, is only half-heartedly applied. I am reliably told that all of the NATO states possess little more than token forces, incapable of defending even their own territories.

I note that Defense Secretary Wilson unburdened himself of the astounding declaration that the 20-division United States Army, with its improved weapons and equipment, “would be able to offer real resistance” if the 175-division Soviet Army should attack. Beyond the implicit acceptance of the idea that this is no European duty but one incumbent on Uncle Sam, this statement has little more to recommend it than that of a previous Defense Secretary, Mr. Johnson, when he declared, in essence, that if Stalin attacked in

the morning, we would knock him into total insensibility by late that afternoon. I cannot believe that Mr. Wilson added up comparative figures of men and equipment and consulted his military and logistical maps.

ALLIANCE WORTH NOTHING

I am willing to go on record as saying that outside of the monetary rewards, and the expenditures made by American troops on the economies of the various countries where they are stationed, this so-called alliance is worth nothing, and is about the shakiest thing ever created. So, far from accepting Mr. Wilson's statement, I challenge the Government to produce one single qualified military man who will declare that all of the combined forces of NATO together are capable of stopping Russian aggression against Europe, or of holding a line anywhere, for 24 hours.

Since we are pouring our funds into this painted sepulcher while at the same time denying even our Air Force the money it desperately requires to maintain itself at a proper defense level, it seems to me that NATO creates a dangerous diversion, and for this reason alone constitutes a true menace to the ability of American people to defend themselves in war.

There are not 10 active divisions in the entire NATO structure which possess anything like adequate antitank, anti-aircraft, and other supporting units, or even adequate small arms. In fact, it is not an exaggeration to say that the Swiss Army alone is better organized and better armed and perhaps possesses greater actual strength.

FRANCO-RUSSIAN ALLIANCE

The assumption, moreover, that somehow American interests are identical with the interests of all these ill-assorted countries, including Mr. Tito, whose devotion and loyalty to the democratic ideal in the long run certainly must be qualified by some reasonable doubt, is sheer nonsense, for none of them are interested at this moment in any more than their own immediate self-interests and well-being. Both the French and British also possess an existing alliance with the Soviet Union.

Article 6 of the treaty between the U. S. S. R. and the French Republic, signed in Moscow on December 10, 1944, reads that—

the high contracting parties agree to render each other every possible economic assistance after the war, with a view to facilitating and accelerating reconstruction of both countries, and in order to contribute to the cause of world prosperity.

The treaty is valid for 20 years unless denounced by either party, which, to date, has not been the case.

ANGLO-RUSSIAN ALLIANCE

The treaty of mutual assistance between the U. S. S. R. and the United Kingdom of Great Britain and Northern Ireland, was signed in London on May 26, 1942. It similarly lasts for 20 years and contains the same provisions. Both treaties, incidentally, require that in the event that—

one of the high contracting parties during the postwar period becomes involved in hostilities with Germany or any of the States of Germany * * * the other

high contracting party will at once give to the contracting party so involved in hostilities, all the military and other support and assistance in its power.

When one considers that we are in the process of arming Germany and seeking to incorporate German legions into the NATO forces, this reading must at least raise eyebrows.

RUSSIAN-JAPANESE ALLIANCE

It may be argued that somehow these treaties, which also bear the name of "mutual aid," have become a dead letter. Certainly it would appear that this were so, though Pravda occasionally refers to them as if they were very much alive. However this may be, even recent history teaches us that their demise does not necessarily follow as a historical absolute. The Japanese had such a treaty of nonaggression with the Russians, which many thought had been suspended due to the fact that mutual Russo-Japanese bickering had reached the stage of armed clashes. Nevertheless, when it became convenient for the treaty to be invoked it suddenly reappeared live as day. This was after the Japanese assault on Pearl Harbor, when in the interests of treaty niceties the Russians meticulously refrained from attacking the Japanese along the entire length of the Siberian border. Only when Japan had been knocked to its knees and was within a few days of total capitulation did Moscow suddenly become aware of its "duty" to us as an ally. Moscow's action permitted the Japanese to leave the Chinese border virtually unguarded, and to undertake a mass shifting of troops and munitions to the front in the South Pacific. No part of these facts is mitigated by the final outcome, when at the last moment the Russians "denounced" the treaty, and with the consent of our own State Department moved in to get their share of the spoils.

NATO OBITUARY WITHHELD

All of this weaseling and play-acting suggests that the truth has yet to be frankly disclosed to the American people. It appears to me that NATO not only has failed, but that it has already died and been written off, and that the administration is biding its time before it so informs the American people. In short, our European friends who gave excellent lip service to the mutual-aid concept as long as Uncle Sam was willing to foot all bills have done little if anything on its behalf. I, therefore, state that NATO as it now stands constitutes an imposition on the good faith of the American people. It is an unqualified failure, and the American people should be told this unpalatable truth as quickly as possible.

For the sake of the record, I should like to say that I for one have no wish to go it alone. We need all of the allies we can get anywhere, but we need actual allies, not petitioners for favors, who back off when the chips are down. I repeat that true alliance is like marriage. It invokes the necessity for equal obligations and equal sacrifice, and cannot be a one-sided deal.

TRADING WITH THE ENEMY

Our European associates found in the China trade a lucrative source of income. It may truly be said that every Chinese-run motorized vehicle, whether tank, truck, or motorcar, operates on the rubber and

gas sold to them by these countries, and brought to Honk Kong and Macao or to Chinese ports in European ships.

The International Statistical Service estimates that—

Even under present conditions of restricted imports from the Western World, Communist China still depends for about 40 percent of her supplies from overseas shipments.

The total of shipments to China via the British port of Hong Kong in 1952 totaled \$149 million. An additional \$2½ billion worth of goods is estimated to reach Red China annually by sea through its own ports. The supply lines themselves are operated by a fleet of ships owned by our own allies and mutual-aid associates.

A United States Commerce Department figure indicates that these countries are trading with Communist China to the tune of \$600 million a year. This does not include a large and rising volume of black-market transactions to which these states conveniently close their eyes. It includes an import last year of large quantities of rubber, wool, cotton, and chemicals, and machinery and oil. Ceylon, which is a British dependency, has made a new 5-year trade agreement with Red China under which it is to ship 50,000 metric tons of rubber to that country in return for 270,000 tons of rice annually. Egypt has just concluded an arrangement with Eastern Germany under which she will send that Soviet satellite cotton, manganese, and phosphates in return for Soviet-produced materials. Indonesia, which is on our list of so-called friends, has just concluded another swap deal by which rubber, tin, and critical raw materials are to be sent to Communist Poland in return for goods which the Soviet Union produces in excess.

CHENAULT'S AIRPLANES

Acting urbanely as middleman, the British in Hong Kong are offering Japanese exporters a swap of coking coal from China for textile spindles from Japan. It is for such considerations of expediency that a British court at Hong Kong, in the midst of the terrible struggle being waged on Korean battlefields, decided to give the invaluable airplanes of the China airline, owned by a company headed by the American general, Chenault, to the Chinese Communists as being the rightful owners. This decision finally was overruled by the highest British court in Hong Kong after a 3-year legal battle and strong unofficial United States representations. The airplanes were sitting on Hong Kong ports during all of this litigation and literally rotted away. This tedious concentration on alleged legal rights possessed by a hostile power engaged in shooting down our boys, and, for that matter, a few token British companies, seems more than reason can stomach.

EUROPE WANTS RED TRADE

Distrust of the United States is a constantly repeated report by observers in all of the European capitals. Europe shows every indication of entering into massive trade arrangements with the Soviet Union, and to become an important supplier of machinery and other vital goods to the Soviet apparatus. Their cartelized business structures are chafing at the leash to do openly what they are now doing surreptitiously, supplying the Soviet Union. They are perfectly willing to sell anything at a price.

This situation is covered nicely by the finance analyst, Sylvia Porter, in a dispatch to her newspaper syndicate from Vienna. Miss Porter states that—

all over Europe, there is strong resentment against our rigid and broad curbs. The pull to revive trade with Russia is really serious and intense. What is Russia to gain by this offensive? Plenty. She desperately wants many strategic materials as West Europe wants markets. Copper, chemicals, steel machine tools—she is willing to pay fantastic prices, go to extraordinary lengths for this sort of stuff, a highly informed diplomat told me here. She needs these materials for her war buildup and industrialization.

Whatever morale the European states have had, has been sapped by years of desperate bickering, postwar austerity, and by the introduction of the theorems of the welfare state. Robbing their citizens of incentive, multiplying the drones and taxing to the point of semi-slavery. Ludwell Denny, the Scripps-Howard foreign editor, stated the matter well saying that—

the people are ceasing to care, they are becoming fatalistic, they no longer labor with the old zest, or struggle with the old assurance. There is more loafing, more escapism, more gambling, more cheating, more crime. The appeals of their leaders for more discipline, sacrifice, production do not stir them.

The enterprising Soviet expansion economy understands or senses the position better than our own leaders. As a totalitarian state, Russia is able to exploit this psychology to the fullest. She can make terms which have nothing to do with profit or loss, but only with ultimate Russian strategic goals. As I have pointed out, they have already offered 600,000 tons of crude oil to Japan at a price strongly below the market. Moreover, they do not request dollars in payment, but boats, motors, engines, and the products of Japan's shops and foundries. One may well imagine the hypnotic effect on Japanese businessmen who have suffered a loss of their customary Chinese mainland markets, and are being choked in Africa and the balance of Asia by sterling area curbs. Yet it might be well to mention that if the British are so anxious to liberalize trade they might well make a start with the sterling bloc mechanism so as to release Japan from its present compulsion to deal with the Red Chinese mainland.

STEALING ATOMIC SECRETS

One may concentrate on the fact that our associates in the Korean adventure are guilty of dealing with the enemy for profit, that though they possess populations many times our own, and resources comparable to ours, they have contributed almost nothing to the struggle. All of this may be an understandable piece of dissembling which in the end will right itself. But there is something worse, which derives from the ability of these states to work both sides of the street, the access they possess to our state and military secrets.

For some reason which is not quite clear, the British were selected from the French, Belgians, Mexicans, Brazilians, and other associates in the United Nations and given access to our atomic and other secrets.

During this period we made a great fuss over our own minor league culprits like the 2 Rosenbergs, whom we are told managed to steal certain drawings. But who has said anything about the wholesale delivery of atomic and other top-drawer secrets to Moscow, funneled directly through a series of turncoats and Russian agents who were placed by Britain in the highest possible position for a full and un-

reserved disclosure of these highly confidential matters. I refer now to Allan Nunn May, the Canadian scientist, the German, Klaus Fuchs, and the Italian, Pontecorvo, all employed by the British Government, all vouched for by Whitehall, and all with direct and almost total access to the secret diagrams, charts, and papers which concerned our atomic achievement. I refer also to Mr. MacLean, who was head of the American division of the British Foreign Office, and Mr. Burgess, similarly well placed, both of whom had access to top-drawer material and were part of the transmission belt which operated between London and Moscow.

BRITISH LENIENCY

Yes, these men turned out to be espionage agents for the Kremlin. Some disappeared into Russia; some were tried and convicted for their crimes. When I say convicted for their crimes, I am taken aback to find that the British not only did not manage to protect us against the depredations of these top-drawer agents of Stalin, Beria, and Malenkov, but allowed them to escape with only a few years in prison. When I compare this with our treatment of the pitiful little American Communist agents, the Rosenbergs, who were sentenced by our courts to death, I must confess a certain feeling of exasperation.

Before it is considered what these things mean in terms of practical overall policy, we should remember that in the last national election if the vote and the issues meant anything at all, they meant that the people have expressed their will for a radical change in this wholly ridiculous policy. This change will not be brought about by a further and continued adherence to Europeanism and to shopworn social theories which are passed off as something brilliant and new, or by a Quixotic bout with the windmill of Messianic ordination. It can only come about by centering our judgments on the duties and realities of life as they apply directly to ourselves.

AMERICAN SECURITY FIRST

It is not shameful to say that it is perfectly proper and respectful for Americans to look out for themselves and to place the security of their own Nation first. To do so is not unjust to other people. In the end it may serve better in our effort to command the esteem and regard of others than the existing subsidy policy which only acts to weaken the character and sense of moral responsibility of our European friends.

In this very real sense I have been told by prominent Europeans that our actions have done Europe itself considerable hurt.

Just as our pioneers created out of nothing, by their own unaided sweat and labor, a great nation, these now-forgotten European statesmen understand the true meaning of the phrase, "God helps those who help themselves."

They know that the padrone principle can be as destructive to the character and moral strength of nations, as it can be to that of individuals. These finally lose their capacity to cope with their own problems on their own responsibility, as any indulgent father with a spoiled son will unhappily testify.

In short, if it be argued that we have been victimized by Europeans, who are unwilling to take resolute action by which their own social

and military problems may be resolved, it may be conversely argued that Europe itself has been victimized by our principle of handouts, which has served to destroy European stamina and the spirit of independent initiative and resourcefulness necessary to survival.

SOCIAL WELFARE FIRST

Let us look at another part of the pattern by which our associates in the mutual-aid program are operating. What a pathetic and irresponsible picture it presents.

While we have been squeezing our productive economy dry for taxes to prepare for war and to support the so-called free world all over the globe, European statesmen have been doing exactly the opposite, and even seek to reduce what little they are spending on behalf of their own defense.

It is these European states which are directly on the firing line if there is to be trouble. It is they who are immediately threatened if any of us are threatened. In David Lawrence's *The Business Outlook*, he dwells upon the fact that European failure to make progress toward strength and self-sufficiency, is based to a great degree on the priority given the expansion of production facilities over defense. France, for example, has spent 30 percent of her budget for public works. Norway invested 29 percent of national output in new productive facilities. Public assistance for health and education has now reached 21 percent of the Italian budget as against 8 percent in 1938. Britain jumped her welfare costs from 22 percent of the budget to 32 percent, and Norway from 26 percent to 35 percent.

If social welfare is of such importance as to take precedence even over defense and security, then it is submitted that the American, who is footing the bill, has as much right to free wigs, toupes, false teeth, medical services and the rest, as the European who is receiving all of these benefits through the indirect medium of American tax moneys.

INTO COURT WITH CLEAN HANDS

I do not believe in the devil theory as it is applied to human beings. I believe that the British and French are nice people. On the other hand, I would be succumbing to the prevalent hysteria if I did not also state that I believed the Russians are nice people. I believe that the Russian Government and state organization is engaged in a conspiracy against the freedom of the world, and is guilty of the crimes against humanity which we all find so hideous. But as I have pointed out, two wrongs do not make a right; and to the degree that imperialism is an evil which cannot be mitigated because it is committed by our friends, we are not helped in the uncompromising worldwide war in which the Russians and ourselves are seeking the conquest of men's souls. One must come into court with clean hands in this struggle, and the imperialists cannot do so for the reason that they are imperialists, only in a degree less culpable than the Russians. They are incapable of a total action on behalf of freedom as we conceive it. Their own primary interests come foremost, unrelieved by any consideration of the welfare of their neighbors. They are determined at all costs to protect their own little exclusive systems in which their vested interests, financial, political, and industrial, are anchored.

TIME TO GET OUT OF EUROPE

I do not pretend to understand altogether how Europeans have been able to acquire so hypnotic an influence over our statesmen. I only know that somehow we will have to get these people off our necks, and their hands out of our pockets. It is time for the United States to get out of Europe, and stay out.

This is a blunt evaluation, but the times call for blunt talk. If the American taxpayer, like the goose which laid the golden eggs, is not to be annihilated, we will have to return forthwith to the historic American policy of minding our own business and letting other people mind theirs.

This does not mean that we are prepared to let such an aggressor as the Kremlin run amuck in the world, any more than it did in President Monroe's time, when we put an effective end to the aggressions of imperial Europe on this continent by a simple notice that any such action would see us come in shooting. This was a much more effective instrument than the save-the-world policy we have followed in this generation, with its placating and wooing of the most ridiculous people on the even more ridiculous score that we are all equals together and are together equally supporting the great arch of civilization by "mutual aid."

SUBVERSION OF HISTORIC ATTITUDE

I repeat, I do not know how this kind of unrelieved fantasy managed to replace the historic hardheaded American policy of wariness and independence of others. Certainly it would be of the greatest corrective value if we could find out how this subversion of our historic attitude came about.

In part, it seems to have arisen as a derivative of the make-the-world-over philosophy of the Marxists, in which it was conceived for us that Uncle Sam was now the appointed minister to all of the peoples. In part it is undoubtedly due to an inferiority feeling held by many Americans who believe that somehow Europe is better, more cultured, and needs to be kowtowed to. Part is due I think to the persistent and irrepressible pro-Anglicism which still sees the United States as an English colony intellectually and culturally, and which judges our highest duty to be support of the mother country. Here we find institutions which may be suspected of being powerfully organized lobbies, such as the English Speaking Union, the Rhodes Scholarship Committee, and others.

Certainly a great part of this singular situation is due to the fact that no matter who rules this country in the top executive positions, the echelons of permanent officials underneath, especially of State Department officials, are made up of career men whose influence is not only great but decisive. It is these men who appear to know the facts and who impose the decisions in the largest measure upon their newly appointed superiors. They form a policymaking phalanx which literally needs dynamiting to breach.

THE SOCIAL INFLUENCE

In these true policymaking echelons we discover that the State Department has become for practical purposes a refuge for career people of the social register. These people see their highest destiny in

the acceptances provided by British and French social circles. They possess a closer understanding of the so-called Mayfair group of London and the social rulers of the continent than they do of the people and points of view held by ordinary Americans. In this sense they are true cosmopolites and less American than international. Their whole life is associated with questions of social precedence and standing, so that all of their inclinations, sympathies, and ideas are propelled toward the interests of their European friends.

BIG BUSINESS BECOMES INVOLVED

Influential businessmen in this country often become putty in their hands; their wives are dazzled by social preferment, and the businessmen themselves if they are important enough, may be quietly taken into the worldwide cartels and given a stake in the European game. This has happened in large measure with the petroleum people, and I am afraid with others as well, so that their interests have become identified with European interests rather than with the complete and total security of their own country.

A SERIES OF MISJUDGMENTS

All of this has pitched us forward into a series of inconceivable misjudgments. One of these was the vast loan and giveaway program by which we spent some 70 to 110 billion dollars with worse than a negative result. Another has to do with the seriocomic succession of actions which destroyed our position in Asia and handed China to the Communists. Another is involved in the astounding situation in Korea where the United States practically alone fought a war in the name of the United Nations, while its so-called allies and associates continued a profitable trade in warmaking materials with the enemy. Still another is the idea which has somehow been sold to American political leaders, that we bear a moral obligation to the peoples of the world to raise their standard of living even at the expense of our own. Finally, there is the tragic misconception that it is the duty of the United States to maintain the trade and fiscal balance of European states, which of course is the same as to say that their interests are identical with ours and places us squarely on the side of their state, social, and imperial systems.

A small sidelight on the consequences of these actions may be seen in such a territory as Malaya, where we regard it as in the common interest, and perfectly normal, that Malaya should be the so-called largest dollar earner for the British Empire. The result is the outlawing of those who seek independence and freedom in Malaya, who are looked upon as the enemies of civilization, so that their energies and hopes have been turned in the direction of the Communists, who seem to them to be extending a willing and helpful hand, rather than in the direction of free republicanism and democracy.

INTERNATIONAL BOONDOGLING

Just how fully this administration has accepted such responsibilities, which it has taken over directly from the previous administration, may be read in the newspaper account that Eisenhower will go to Bermuda—

prepared to give more concrete answers as to when, where, and how the United States will aid convertibility, lower tariff, increase foreign investments, permit expanded East-West trade—

and so forth. Why these things are the business of the United States, since they encompass purely domestic affairs of foreign countries completely beyond our political control, is more than I can understand.

What is most astonishing is that this set of ideas has been so thoroughly sold to the American people that a discussion of them on the levels just quoted seems perfectly normal and natural, for under analysis they consist of little more than a continued shoveling out of American tax moneys on behalf of those who either will or cannot reciprocate or offer us anything in the way of a fair exchange of values.

INFLUENCING AMERICAN OPINION

Part of the position is due undoubtedly to the perfectly natural attempt on the part of our client states to protect their immense stake in the American do-good program. For this purpose they utilize every agency of propaganda and influence which may be operated or activated on their behalf.

The British, as I have said, are able to offer relaxation of currency and permit restrictions, and other favors to private business in large portions of the globe. They can allow a quiet entry of American business into the benefits of their airtight cartel systems, dividing part of the worldwide take with influential American concerns. In widely separate areas they can allow American newspapers and news services access to intimate news sources, or exclude them. Moreover, they control the great transoceanic cable systems, so that every American news service must periodically come to terms with them on the vital question of transmission rates.

They go to great pains to influence American public opinion directly, subsidizing by direct and indirect means, writers, lecturers, and publishing houses. They are even said to go to the lengths of keeping American economists, writers, and others whose influence might be deemed important, under regular surveillance, examining, and photographing their private papers in a cloak-and-dagger performance whose boldness and audacity is second to none.

Here is a matter which could easily be the subject for a congressional investigation—for it represents a direct and unforgivable interference in the conduct of internal American affairs by aliens, subjecting Americans within their own country to victimization by paid secret agents of a foreign power. This part of the British intelligence operation here is paid to operate under the cloak of a midtown New York bookstore.

By these and other maneuvers they are seeking to protect what they have grown to consider their freehold in the American economy. Their fine hand may be seen or suspected in many different directions, from the slanting of news in prominent newspapers and magazines, to a deliberate conspiracy to discredit books critical of them and the situations they have been instrumental in bringing about. This is a widely extended web and justifiedly so, for the stakes are very large. As we know, they run into many billions, and these people may be excused when they apply a few millions of money and some part of their traditional mastery of the arts of

colonial exploitation and divide-and-rule, to protect themselves in the arena of American public opinion against the loss of these revenues.

OUR VULNERABILITY TO PROPAGANDA

America with its free economy is peculiarly vulnerable to these tactics, which in many respects are most difficult to trace, though in many others they are perfectly evident. Certainly as long as we continue this policy of big money handouts, and of a foolish concentration on the problems of others, the recipients of these large sums will be tempted to do at least what any first-class commercial firm would do. They will undertake the most astute public-relations operation possible, involving an interference with and subversion of our sources of information, seeking to protect their own interests and to keep these revenues alive as long as possible. Who can blame them? As an American I must point out this unhealthy phenomenon as capable of wreaking great injury on the public-information pattern of our country, corrupting it and destroying the faith of the individual citizen in what he reads in his newspaper and magazine and what he hears and sees over his radio and television machine. Nor do I blame these Europeans too much for succumbing to this temptation. The fault is ours, and represents a situation fully recognized in American law—that of maintaining an “attractive nuisance.”

BOUND BY SILKEN CHAINS

The silken chains which bound us to the British Empire, its associates on the Continent, and the pursuit of the traditional British objective of balance of power, have never since been broken. Each zig and zag of British political need, objective, and conviction has found our Nation following faithfully in line, so that we seemed to have lost completely our capacity for independent action. All of this was immeasurably facilitated by the pro-Anglican group in the State Department, which saw in the rescue of Great Britain and her Empire the first line of defense and the first duty of the American people.

ABANDONING OUR FRIENDS

It is from the basis of British importuning, and willing American acceptance, that one must read such totally improbable acts as our abandonment of the Polish Republic in favor of the Russian Communist usurpers, our desertion of the Yugoslav state which had stood loyally on our side during the harsh, early days of the war, in favor of the Communist upstart, Tito; and our abandonment of the Chinese Republic with its wholly disgraceful and incomprehensible chain of following events, reaching from General Marshall's demand that the Communists be taken bodily into the Government, to the physical rape of Manchuria which was handed over to Russia and subsequently to the Russian creature, Mao Tse-tung, together with all of the immense captured Japanese war supply there; and finally that last enormity in which we agreed to the isolation and ostracism of Chiang Kai-shek, the lawful head of the Chinese Republic, castigating him as a criminal in a silly and infamous white paper which for practical purposes designated the Chinese Republic as an outlaw government

which had richly deserved its fate. And now for the sake of trading profits, we are being high-pressured into a total recognition of the Red Chinese regime, involving the humiliation of seating these criminals in the Security Council of the United Nations, and of handing them Formosa to boot.

MEETING IN BERMUDA

We have Yalta, Teheran, and Potsdam to remind us that the Russian word is worth nothing. We have the wanton murder of the 30,000 Polish officers in the Katyn Forest in an attempt to break the back of the Polish Republic, which the Soviets had sworn to respect. We have a continuous evidence of dishonesty and dishonor, including the deliberate attempts to steal our state secrets and to sabotage our Government for the purpose of its ultimate destruction. In short, we are constantly asked to start another series of endless and hopeless discussions such as those at which we have already been 2 years at Panmunjom, and which will only end when the Communists conceive it to be in their interests to do so.

THE DEAL WITH RED CHINA

It is known that the French and British are demanding of our President that we wash out on Chiang Kai-shek, as we abandoned Premier Mikolajczyk, of Poland, and Michaelovich, of Yugoslavia, making a full-scale deal with the barbaric Chinese Reds, seating them in triumph on the Security Council of the United Nations and thus giving them the greatest moral victory in an area where face is the most important fact in life. We are to turn over the strategic island of Formosa to the Reds, and are to allow full-scale dealings in machinery, jigs, dies, and strategic materials of all kinds with which the Communists can build up their military apparatus for a new assault upon the world. Moscow and Peking are even to be offered special "security guaranties against aggression."

To the Chinese Communists who believe only in the efficacy of unlimited force, it could hardly appear that we are determined to stand by our convictions, or indeed that we have any convictions to stand by. It must seem to them that we are as weak and soft and decadent as Soviet inner propoganda has always contended, and that unyielding audacity on their part will surely carry the day.

Churchill has another and more fundamental idea up his sleeve, that of a continuing tripartite high command for the purpose of coordinating Western policies. The United Nations again will be conveniently forgotten. A committee of three, involving France, England, and the United States, will determine everything. Americans, in short, who will be expected to put up the men and the money, as usual, will only have one-third of the vote, and in effect will yield themselves to the mercies of supergovernment without even the rights citizens normally possess to express a controlling opinion at the polls.

SIR WINSTON'S GREAT SCHEME

By this giant, ambitious scheme, Sir Winston seeks to restore his country from a fourth-rate power to 1 of the 3 leading nations of the world. His attempt to do so is intended to be the last magnificent

act of an already amazing career. This achievement obviously rests upon a variation of the historic British policy of makeweight, in which Great Britain is to become the pivoting point between the two great antagonistic giants, the United States and the Soviet Union, keeping the two both at each other's throats or in equilibrium, as the balance-of-power theory demands. Thus Churchill will cause Britain to move up from the role which makes her only a minor ally of the United States, with London slated to become coequal as 1 of the 3 true forces of the world. It is high time that we reexamine the entire position in the light of our own direct interests as a nation, and with regard to our abilities to make our goals good. As far as I am concerned the United Nations is a self-evident delusion. The concept of collective security broke down entirely in Korea.

What is left?

Until the day that we are organized into a true world community, or into a true western community which can operate under law by sanction of its citizens, we have no business in any foreign involvements not beamed directly at the welfare of the United States and its people. The only proper function of government as far as the people of the United States are concerned is the benefit of the governed, and not that of peoples in faraway foreign places over whose actions we have no control whatsoever. Since a true world community does not yet exist, we must realistically meet the world situation as we find it.

SAVE THEM FROM THEMSELVES

From the beginning I voted against the save-the-world psychology, and against involvement in affairs abroad where our own interests were not directly concerned. It seemed to me that Europeans should take care of themselves, and were more likely to do so if we did not constantly intervene to rescue them from the result of their own bickering, and incessant quarrels and wars, hot and cold. I voted against the British loan, against the United Nations program, and against the entire sequence of events which has taken us to the very verge of insolvency and brought us from a position of the greatest possible strength and power to one of increasing vulnerability and weakness. At the time I was attacked violently as an isolationist, I was calumniated as an idiot and a scoundrel, and in the supercharged air of those tense times, found myself even without the support of my own party.

It was a point of view which despite every intimidation and demand, I would not recede from. It is a record I am proud of. I ran for reelection on that record in the State of North Dakota, and was returned to office with the biggest majority in the long history of my public life.

THE PEOPLE WANT A CHANGE

My colleagues underestimate the position if they do not know that the people of our great country are fed up to their ears with this Alice in Wonderland system of international polity. They thought they were making a major change when they elected the Eisenhower administration to office. They feel, as I have declared, that the only proper function of Government in America is the material interests of Americans, and that it is neither our duty nor right to make

ourselves responsible for the welfare of all the other peoples of the world.

The people of this country wish relief from the crushing tax burden with which they are increasingly confronted. They wish to be able to send their children through college and to achieve the results of their own labor in security, welfare, and satisfaction.

They want a solvent America, an America interested in the world around it, but which also knows how to mind its own business.

They want a strong America, and they feel and believe as I do, that America, strong, resolute, and devoted to its own interests, will find natural allies the world over. Under any circumstances we no longer can temporize with our own future in this wastrel and fruitless effort to underwrite and save from its own folly the entire world.

SHALL WE ENLARGE THE UNION?

If it is necessary for us to accept responsibility for the economic and political well-being of other states, let us at least insist on having some voice in the policies to be followed by these states.

Let us have a frank vote on the matter to see if this is the purpose of the American people, and if the American people so approve, let us place the matter before the British people, or others, seeking a merger of our countries under a new system of overall law in which the obligations and responsibilities of each citizen will be equal to that of every other, as well as his rights and benefits. If we wish to remain as we are, let us do so without Messianic complications; but if it is our intention to adopt foreign states as our wards, let us extend an invitation to them to join us in a common brotherhood. Whatever we do, the principle must be based on the erection of law from organic causes, on the ability of the entire union to operate on the federal principle, by which the citizen who receives the benefits of the union is himself committed to its support, with his moral force, his taxes, and if necessary with his body.

This principle of duties of the individual toward the state, as well as his right to protection and security, is one of the keystones to our Government. If we are to extend the benefits of our resources and great inheritance to others, let them not be encouraged to play the role of Mountebank to our drunken Santa Claus. They should be expected to stand with us as men, shoulder to shoulder, in the great struggle for a decent, a secure, and an honest world. If this situation cannot be brought about, either because it be rejected by the American people or by the others, our only remaining course is to look to our weapons and to mind our own affairs as much as we can.

BILLIONS—WITHOUT DEFENSE

Here again I cannot understand the rationality of a course which squanders its billions abroad in an effort to raise the living standards of other people, yet cuts down on vital Air Force commitments designed to protect our own Nation. This is a program which seems to make very little sense.

The Citizens Advisory Committee appointed by former Defense Secretary Robert A. Lovett some time ago made a public statement that the Nation's air defenses must be increased sharply to guard

against the threat of an atomic attack. Russia is already capable of a ruinous surprise attack on our cities. The committee had reviewed the report of a group of Massachusetts Institute of Technology scientists who declared that America was very vulnerable to such an assault and recommended an urgent multi-billion-dollar program to strengthen our air defenses, using the latest in technological and scientific means. Yet the administration cut \$5 billion from the Air Force fund, so that there will have to be fewer Air Force wings than had been planned for the end of the year 1955.

This means of course also that vital research and development funds are to be radically reduced, a fact which the Defense Department has currently acknowledged.

CUTTING OUR AIRPOWER

There is no responsible figure who understands the aviation situation, and who is not appalled by this action, which has been imposed at a moment when the Soviet development in the air is known to already overbalance ours. Yet the spokesmen for the administration tell us that despite this cut we will get even more airpower than if the cut had been allowed to remain, implying that what has been cut was actually waste.

This of course is gobbledegook, for the fact is that we had to cut down radically on the whole plane-building program for the year. The construction of an Air Force and an air defense requires many years of planning in which much of the activity remains for long periods in the blueprint stage. The present retrenchment will mean a cut of almost 50 percent in appropriations specifically earmarked for new planes and equipment, and it will take years for us to recover from the actual regression in defense efficiency this course will force on us.

I disagree vigorously with the entire theory which proposes a great land army of citizen inductees. This is an antediluvian concept which does not belong in the present technological age. It bears no recognizable relationship to our own capacity for defense, nor does it make the most of our superiority, which is one of machines, training, and high intelligence.

The Army's own General Collins testified in October 1949 before the House Armed Services Committee that in future wars—

there is not likely to be any close large-scale amphibious operation of the type that we conducted in the past war.

In respect to such a large-scale invasion, General Bradley informed the committee that—

frankly, the atomic bomb properly delivered almost precludes such a possibility.

Actually, all the authoritative elements in American public life, including those from the Pentagon, in the discussions which followed after the recall of General of the Army MacArthur, agreed for once—conceding that it was impossible for any forces at our disposal to physically invade China by land, with prospects of success. We simply did not have the manpower, nor could we efficiently transport all of the troops and materiel required, even if such manpower existed.

THE "BIG ARMY" ILLUSION

A huge army of conscripts would be desirable only if we anticipate a war with Mexico or Canada. For practical purposes they are useless as a defense agency against faraway nations, since it is impossible to visualize any foreign state bringing to our borders legions of men of sufficient strength and weight to require such a ground defense. The existence of this great military force is actually a burden upon the Nation. Their presence abroad in Europe represents only a leeching of American resources for no purpose.

In Asia we have no business with ground troops at all, for no possible long-ranged decision can be gained by us in this way.

OUR TECHNOLOGICAL SUPERIORITY

These boys should be where they belong, in school, or working at some productive occupation helpful to the American economy. The Engineering Manpower Commission has stated itself to be deeply concerned over the magnitude of the impending shortage of engineers and scientists, and its probable consequences to the national health, safety, and interest. When we break up the schooling of these boys in order to equip them with rifles and hand grenades, we are foregoing our major national advantage which derives from science, manual skill and our superb technical command over the forces of nature.

It is our great technology and science which will make this Nation safe against attack, and not immense masses of soldiers, who can be competed with on the battlefield by far greater masses of semibarbaric Asiatics and others. It is rather for us to take the fullest advantage of our technological superiority if this Nation is to receive its greatest guaranty of future security. Most of this, it appears to me, lies in the air and in our command over the air ocean which bathes all continents. Here lies our security, and in a morally strong America, capable of fulfilling the hopes of her citizens in their individual welfare and that of their families. If they have this to defend, instead of a crushing burden of debt, they may be relied on to defend it.

WILLIAM LANGER.



83^D CONGRESS
2^D SESSION

H. R. 9678

[Report No. 1799]

IN THE SENATE OF THE UNITED STATES

JULY 1 (legislative day, JUNE 22), 1954

Read twice and referred to the Committee on Foreign Relations

JULY 13 (legislative day, JULY 2), 1954

Reported by Mr. WILEY, with an amendment, and referred to the Committee on
Armed Services

[Strike out all after the enacting clause and insert the part printed in italic]

AN ACT

To promote the security and foreign policy of the United States
by furnishing assistance to friendly nations, and for other
purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Mutual Security Act
4 of 1954".

5 TITLE I—MUTUAL DEFENSE ASSISTANCE

6 CHAPTER 1. MILITARY ASSISTANCE

7 SEC. 101. PURPOSE OF CHAPTER.—The Congress of
8 the United States reaffirms the policy of the United States
9 to achieve international peace and security through the
10 United Nations so that armed force shall not be used ex-

cept in the common defense. The Congress hereby finds that the efforts of the United States and other nations to promote peace and security require additional measures of support based upon the principle of continuous and effective self-help and mutual aid. It is the purpose of this chapter to authorize measures in the common defense, including the furnishing of military assistance to friendly nations and international organizations in order to promote the foreign policy, security, and general welfare of the United States and to facilitate the effective participation of such nations in arrangements for individual and collective self-defense. In furnishing such military assistance, it remains the policy of the United States to continue to exert maximum efforts to achieve universal control of weapons of mass destruction and universal regulation and reduction of armaments, including armed forces, under adequate safeguards to protect complying nations against violation and evasion.

The Congress reaffirms its previous expressions favoring the creation by the free peoples of the Far East and the Pacific of a joint organization, consistent with the Charter of the United Nations, to establish a program of self-help and mutual cooperation designed to develop their economic and social well-being, to safeguard basic rights and liberties and to protect their security and independence.

1 SEC. 102. GENERAL AUTHORITY.—Military assistance
2 may be furnished under this chapter on a grant or loan
3 basis and upon such other appropriate terms as may be
4 agreed upon, by the procurement from any source and the
5 transfer to eligible nations and international organizations of
6 equipment, materials, and services or by the provision of any
7 service, including the assignment or detail of members of
8 the Armed Forces and other personnel of the Department
9 of Defense solely to assist in an advisory capacity or to per-
10 form other duties of a noncombatant nature, including mili-
11 tary training or advice.

12 SEC. 103. AUTHORIZATIONS.—(a) There is hereby
13 authorized to be appropriated to the President, in addition
14 to appropriations authorized by sections 104 and 105, not
15 to exceed \$1,430,300,000 to carry out the purpose of this
16 chapter; and, in addition, unexpended balances of appropria-
17 tions for military assistance under each paragraph of the
18 Mutual Security Appropriation Act, 1954 (except the ap-
19 propriation for mutual special weapons planning), are hereby
20 authorized to be continued available for the purpose of this
21 chapter and to be consolidated with the appropriation
22 authorized by this subsection; all of which is hereby author-
23 ized to be continued available through June 30, 1955.

24 (b) Funds made available pursuant to subsection (a)
25 of this section shall be available for the administrative and

1 operating expenses of carrying out the purpose of this
2 chapter including expenses incident to United States partici-
3 pation in international security organizations.

4 ~~(c)~~ Funds made available pursuant to subsection ~~(a)~~
5 of this section may be used for the procurement of equip-
6 ment or materials outside the United States unless the
7 President determines that such procurement will result
8 in one or more of the following conditions:

9 ~~(1)~~ Adverse effects upon the economy of the
10 United States; with special reference to any areas of
11 labor surplus; or upon the industrial mobilization base,
12 which outweigh the strategic and logistic advantages
13 to the United States of procurement abroad;

14 ~~(2)~~ Production of such equipment or materials
15 outside the United States under inadequate safeguards
16 against sabotage or the release to potential enemies
17 of information detrimental to the security of the
18 United States;

19 ~~(3)~~ Unjustifiable cost in comparison with pro-
20 curement in the United States; taking into account
21 transportation costs for delivery overseas; and

22 ~~(4)~~ Delays in delivery incompatible with United
23 States defense objectives.

24 SEC. 104. INFRASTRUCTURE.—~~(a)~~ The President is
25 authorized to make contributions to infrastructure programs

1 of the North Atlantic Treaty Organization, in accordance
2 with agreements already made between the member na-
3 tions, out of funds made available pursuant to this section,
4 or section 403, or chapter IX of the Supplemental Appro-
5 priation Act, 1953, of amounts totaling not more than
6 \$780,000,000, less amounts already contributed for such
7 purpose. There is hereby authorized to be appropriated
8 to the President for such purpose, in installments prior to
9 June 30, 1958, not to exceed \$321,000,000, to remain
10 available until expended. Such contributions by the United
11 States shall not exceed its proportionate share, as hereto-
12 fore agreed upon, of the expenses of such programs.

13 (b) When the President determines that it is in the
14 interest of the security of the United States to participate
15 in programs for the acquisition or construction of facili-
16 ties in foreign nations for collective defense other than pro-
17 grams of the North Atlantic Treaty Organization, he may
18 use for such purpose funds made available under section 403
19 or local currencies made available under section 402 in
20 amounts totaling not more than \$50,000,000.

21 (c) Notwithstanding section 501 of this Act, no funds
22 other than those referred to in subsections (a) and (b)
23 of this section may be expended for the purposes of this
24 section. No funds shall be expended under this section for
25 rental or purchase of land or for payment of taxes.

1 SEC. 105. DEVELOPMENT OF WEAPONS OF ADVANCED
2 DESIGN.—The unexpended balance of the appropriation
3 made pursuant to section 542 of the Mutual Security Act of
4 1951, as amended, is authorized to be continued available
5 until expended, for the purpose of encouraging and expedit-
6 ing the development of weapons of advanced design by
7 nations or international organizations eligible to receive
8 military assistance under this chapter. Notwithstanding any
9 other provisions of this Act, funds continued available pur-
10 suant to this section may be used only for the purpose of
11 this section.

12 SEC. 106. CONDITIONS APPLICABLE TO MILITARY
13 ASSISTANCE.—(a) Military assistance may be furnished
14 under this chapter to any nation whose increased ability to
15 defend itself the President shall have determined to be im-
16 portant to the security of the United States and which is
17 otherwise eligible to receive such assistance. Equipment and
18 materials furnished under this chapter shall be made available
19 solely to maintain the internal security and legitimate self-
20 defense of the recipient nation, or to permit it to participate
21 in the defense of its area or in collective security arrange-
22 ments and measures consistent with the Charter of the United
23 Nations. The President shall be satisfied that such equip-
24 ment and materials will not be used to undertake any act of
25 aggression against any nation.

1 (b) In addition to the authority and limitations con-
2 tained in the preceding subsection, the following provisions
3 shall apply to particular areas:

4 (1) In order to promote an integrated defense of the
5 North Atlantic area and to support concrete measures for
6 political federation, military integration, and economic
7 unification in Europe, equipment and materials of the value
8 programed for fiscal years 1954 and 1955 for nations
9 signing the treaty constituting the European Defense Com-
10 munity shall, pending the coming into force of the treaty, be
11 delivered only to such of these nations as have ratified the
12 treaty, and have joined together in or are developing col-
13 lective defense programs in a manner satisfactory to the
14 United States as determined by the President.

15 (2) Military assistance furnished to any nation in the
16 Near East, Africa, and South Asia to permit it to partici-
17 pate in the defense of its area shall be furnished only in
18 accordance with plans and arrangements which shall have
19 been found by the President to require the recipient nation
20 to take an important part therein.

21 (3) In furnishing military assistance in the Far East
22 and the Pacific and in carrying out the provisions of section
23 121 of this Act, the President shall give the fullest assistance
24 to the free peoples in that area, in their creation of a joint or-
25 ganization, consistent with the Charter of the United Na-

1 tions, to establish a program of self-help and mutual coop-
2 eration designed to develop their economic and social well-
3 being, to safeguard basic rights and liberties, and to protect
4 their security and independence.

5 ~~(4)~~ Military assistance may be furnished to the other
6 American Republics only in accordance with defense plans
7 which shall have been found by the President to require
8 the recipient nation to participate in missions important to
9 the defense of the Western Hemisphere.

10 ~~(c)~~ The Secretary of Defense shall insure that the value
11 ~~(as determined pursuant to section 545)~~ of equipment, ma-
12 terials, and services heretofore furnished under military as-
13 sistance programs authorized by Acts repealed by this Act or
14 hereafter furnished pursuant to section 103 ~~(a)~~ to nations
15 or organization in each of the four areas named in this sub-
16 section shall not exceed the total of the funds heretofore
17 made available for military assistance in that area pursuant
18 to Acts repealed by this Act plus the amount herein speci-
19 fied for that area:

20 ~~(1)~~ In the European area ~~(excluding Greece and Tur-~~
21 ~~key)~~, \$617,500,000.

22 ~~(2)~~ In the Near East, Africa, and South Asia,
23 \$181,200,000.

24 ~~(3)~~ In the Far East and the Pacific, \$583,600,000.

25 ~~(4)~~ In the Western Hemisphere, \$13,000,000.

1 ~~(d)~~ Whenever the President determines it to be nec-
 2 essary for the purpose of this title, equipment, materials,
 3 and services of a value not to exceed 10 per centum of the
 4 sum of ~~(1)~~ that portion of the unexpended balances re-
 5 ferred to in section 103 ~~(a)~~ which was available on June 30,
 6 1954, to furnish assistance in any of the areas named in
 7 subsection ~~(c)~~ of this section, and ~~(2)~~ the amount specified
 8 in the applicable paragraph of subsection ~~(c)~~ of this sec-
 9 tion for additional assistance in such area, may be fur-
 10 nished in any other such area or areas, notwithstanding
 11 the limitations set forth in subsection ~~(c)~~ of this section.
 12 Funds heretofore obligated or programed or hereafter made
 13 available solely for the purpose of section 104 ~~(pertain-~~
 14 ~~ing to infrastructure)~~ or section 105 ~~(pertaining to the~~
 15 ~~development of weapons of advanced design)~~ shall not be
 16 included in the total fixed for each such area. Funds here-
 17 to fore appropriated for military assistance in a particu-
 18 lar geographic area but transferred from such use under
 19 section 513 of the Mutual Security Act of 1951, as amended,
 20 or under section 408 ~~(c)~~ of the Mutual Defense Assis-
 21 tance Act, shall be included in the total for the area for
 22 the benefits of which such transfer was made, and not in
 23 the total for the area from which the transfer was made.

24 SEC. 107. SALE OF MILITARY EQUIPMENT, MATE-
 25 RIALS, AND SERVICES.—~~(a)~~ The President may, in order

1 to carry out the purpose of this chapter, sell or enter into
2 contracts (without requirement for charge to any appro-
3 priation or contract authorization) for the procurement for
4 sale of equipment, materials, or services to any nation
5 or international organization: *Provided*, That prior to the
6 transfer of any such equipment, materials, or services to
7 any nation which has not signed an agreement under
8 section 142 of this Act or joined with the United States
9 in a regional collective defense arrangement, the President
10 shall have received commitments satisfactory to him that
11 such equipment, materials, or services are required for and
12 will be used by such nation solely to maintain its inter-
13 nal security, its legitimate self-defense, or to permit it to
14 participate in the defense of the area of which it is a
15 part, or in collective security arrangements and measures
16 consistent with the Charter of the United Nations, and that
17 it will not undertake any act of aggression against any other
18 state.

19 (b) Whenever equipment or materials are sold from
20 the stocks of or services are rendered by any United States
21 Government agency to any nation or international organi-
22 zation as provided in subsection (a), such nation or inter-
23 national organization shall first make available the fair value,
24 as determined by the President, of such equipment, materials,
25 or services before delivery or, when the President determines

1 it to be in the best interests of the United States, within sixty
 2 days thereafter or, as determined by the President, within
 3 a reasonable period not to exceed three years. The fair value
 4 for the purpose of this subsection shall not be less than the
 5 value as defined in subsection ~~(h)~~ of section 545: *Provided*,
 6 That with respect to excess equipment or materials the fair
 7 value may not be determined to be less than ~~(i)~~ the mini-
 8 mum value specified in that subsection plus the scrap value,
 9 or ~~(ii)~~ the market value, if ascertainable, whichever is the
 10 greater. Before a contract for new production is entered
 11 into, or rehabilitation work is undertaken, such nation or
 12 international organization shall ~~(A)~~ provide the United
 13 States with a dependable undertaking to pay the full amount
 14 of such contract or the cost of such rehabilitation which will
 15 assure the United States against any loss on the contract or
 16 rehabilitation work, and ~~(B)~~ shall make funds available in
 17 such amounts and at such times as may be necessary to meet
 18 the payments required by the contract or the rehabilitation
 19 work in advance of the time such payments are due, in
 20 addition to the estimated amount of any damages and costs
 21 that may accrue from the cancellation of such contract or
 22 rehabilitation work.

23 ~~(c)~~ Sections 106, 141, and 142 shall not apply with
 24 respect to assistance furnished under this section.

25 SEC. 108. WAIVERS OF LAW.—~~(a)~~ The President may

1 perform any of the functions authorized under this chapter
2 without regard to (1) the provisions of title 10, United
3 States Code, section 1262 (a), and title 34, United States
4 Code, section 546 (c); and (2) such provisions as he may
5 specify of the joint resolution of November 4, 1939 (54
6 Stat. 4), as amended.

7 (b) Notwithstanding the provisions of Revised Statutes
8 1222 (10 U. S. C. 576), personnel of the Department of
9 Defense may be assigned or detailed to any civil office for the
10 purpose of enabling the President to furnish assistance under
11 this Act.

12 SEC. 109. TRANSFER OF MILITARY EQUIPMENT TO
13 JAPAN.—In addition to any program of military assistance
14 for which funds may be appropriated pursuant to this Act,
15 the President is hereby authorized to transfer to the Govern-
16 ment of Japan, until June 30, 1955, upon such terms and
17 conditions as he may specify, and upon its request, United
18 States military equipment and supplies programed for Japan
19 to meet its internal security requirements for which Depart-
20 ment of Defense appropriations were obligated prior to July
21 1, 1953.—No appropriation shall be requested to replace the
22 military equipment and supplies so transferred, and no funds
23 heretofore or hereafter appropriated for the purpose of this
24 chapter shall be available for reimbursement to any United

1 States Government agency on account of any transfer made
2 pursuant to this section.

3 CHAPTER 2—SOUTHEAST ASIA AND THE WESTERN
4 PACIFIC, AND DIRECT FORCES SUPPORT

5 SEC. 121. SOUTHEAST ASIA AND THE WESTERN
6 PACIFIC.—There is hereby authorized to be appropriated to
7 the President for the fiscal year 1955, to be made available
8 on such terms and conditions, including transfer of funds,
9 as he may specify, not to exceed \$800,000,000 for expenses
10 necessary for the support of the forces of the Associated
11 States of Cambodia, Laos, and Vietnam and the forces of
12 France located in such Associated States and for other ex-
13 penditures to accomplish in Southeast Asia and the Western
14 Pacific the policies and purposes declared in this Act. In
15 addition, the unexpended balances of funds allocated from
16 appropriations made pursuant to sections 304 and 540 of the
17 Mutual Security Act of 1951, as amended, for the purpose
18 of support of the forces of the Associated States of Cam-
19 bodia, Laos, and Vietnam and the forces of France located
20 in the Associated States, are hereby authorized to be con-
21 tinued available for the purpose of this section through
22 June 30, 1955, and to be consolidated with the appropria-
23 tion authorized by this section.

24 It is the sense of the Congress that no part of the funds

1 appropriated under this section shall be used on behalf of
2 governments which are committed by treaty to maintain
3 Communist rule over any defined territory of Asia.

4 SEC. 122. PRODUCTION FOR FORCES SUPPORT.—The un-
5 expended balances of appropriations made pursuant to sec-
6 tion 102 of the Mutual Security Act of 1951, as amended,
7 are hereby authorized to be continued available for their
8 original purposes through June 30, 1955.

9 SEC. 123. COMMON USE ITEMS.—There is hereby
10 authorized to be appropriated to the President for the
11 fiscal year 1955 not to exceed \$70,000,000 for the provi-
12 sion of any common-use equipment, materials, commodi-
13 ties, or services which are to be used by military forces
14 of nations receiving assistance under chapter 1 of this
15 title. Programs authorized by this section shall be ad-
16 ministered in accordance with the provisions of chapter 1
17 or chapter 3 of this title.

18 CHAPTER 3—DEFENSE SUPPORT

19 SEC. 131. GENERAL AUTHORITY.—(a) The President
20 is hereby authorized to furnish, to nations and organiza-
21 tions eligible to receive military assistance under chapter 1
22 of this title, commodities, services, and financial and other
23 assistance designed to sustain and increase military effort.
24 In furnishing such assistance, the President may provide
25 for the procurement and transfer from any source of any

1 commodity or service (including processing, storing, trans-
 2 porting, marine insurance, and repairing) or any technical
 3 information and assistance.

4 ~~(b)~~ There is hereby authorized to be appropriated to
 5 the President for the fiscal year 1955 to carry out the
 6 provisions of this section, not to exceed—

7 ~~(1)~~ \$45,000,000 for Europe (excluding Greece
 8 and Turkey);

9 ~~(2)~~ \$81,850,000 for the Near East (including
 10 Greece and Turkey), Africa, and South Asia; and

11 ~~(3)~~ \$96,430,000 for the Far East and the Pacific.

12 In addition, unexpended balances of appropriations hereto-
 13 fore made pursuant to section 541 of the Mutual Security
 14 Act of 1951, as amended, are hereby authorized to be con-
 15 tinued available for the purpose of this subsection through
 16 June 30, 1955, and to be consolidated with the appropriation
 17 authorized for the same area by this subsection: *Provided*,
 18 That portions of such unexpended balances which have been
 19 allocated to assistance for Greece and Turkey shall be con-
 20 solidated with the appropriation authorized by paragraph
 21 ~~(2)~~ of this subsection.

22 SEC. 132. KOREAN PROGRAM.—(a) There is hereby
 23 authorized to be appropriated to the President for the fiscal
 24 year 1955 not to exceed \$230,000,000 to be expended, upon
 25 terms and conditions specified by the President, for defense

1 support, relief and rehabilitation, and other necessary assist-
2 ance (including payment of ocean freight charges on ship-
3 ments for relief and rehabilitation, without regard to section
4 409 of this Act) in those parts of Korea which the President
5 shall have determined to be not under Communist control.
6 In addition, unexpended balances of funds heretofore allo-
7 cated for the purpose of relief and rehabilitation in Korea
8 pursuant to the paragraph entitled "Relief and Rehabilitation
9 in Korea", chapter VII, Supplemental Appropriation Act,
10 1954, and unobligated balances of the appropriation for
11 "Civilian Relief in Korea," title III, Department of Defense
12 Appropriation Act, 1954, are hereby authorized to be con-
13 tinued available for the purposes of this subsection through
14 June 30, 1955, and to be consolidated with the appropria-
15 tion authorized by this subsection.

16 ~~(b) (1)~~ Notwithstanding the provisions of any other
17 law, the President is authorized, at any time prior to twenty-
18 four months from the date of enactment of this Act, to
19 transfer to the Republic of Korea, by sale or charter and on
20 such terms and conditions as he may specify, title to not
21 more than eight CI-M-AVI vessels. Any agency of the
22 United States Government owning or operating such vessels
23 is authorized to make such vessels available for the purpose
24 of this subsection. Funds made available pursuant to sub-

1 section (a) of this section shall be available for the purpose
2 of this subsection.

3 (2) Such transfers shall be made at prices determined
4 under section 3 of the Merchant Ship Sales Act of 1946 (50
5 U. S. C., App. 1736): *Provided*, That such vessels shall
6 be placed in class in accordance with minimum requirements
7 of the American Bureau of Shipping by the owning or oper-
8 ating agency, and the expense of placing in class shall be
9 reimbursed to such agency.

10 (c) There is hereby authorized to be appropriated for
11 the fiscal year 1955 not to exceed \$11,300,000 for making
12 contributions to the United Nations Korean Reconstruction
13 Agency or expenditure through such other agency for relief
14 and rehabilitation in Korea as the President may direct. In
15 addition, the unexpended balance of the appropriation made
16 pursuant to the last sentence of section 303 (a) of the Mutual
17 Security Act of 1951, as amended, is hereby authorized to be
18 continued available for the purpose of this subsection through
19 June 30, 1955, and to be consolidated with the appropria-
20 tion authorized by this subsection. Sections 141 and 142 of
21 this Act shall not apply with respect to assistance furnished
22 under this subsection.

23 (d) To the extent necessary to accomplish the purposes

1 of this section ~~(1)~~ assistance may be furnished under this
2 section without regard to the other provisions of this chapter
3 and ~~(2)~~ the authority provided in section 306 may be exer-
4 cised in furnishing assistance under subsection ~~(a)~~ of this
5 section.

6 SEC. 133. TERMS OF ASSISTANCE.—Assistance under
7 this chapter may be furnished on a grant basis or on such
8 terms, including cash, credit, or other terms of repayment,
9 as may be determined to be best suited to the achievement
10 of the purposes of this Act.

11 CHAPTER 4—GENERAL PROVISIONS RELATING TO
12 MUTUAL DEFENSE ASSISTANCE

13 SEC. 141. CONDITIONS OF ELIGIBILITY FOR ASSIST-
14 ANCE.—No assistance shall be furnished under this title to
15 any nation or organization unless the President shall have
16 found that furnishing such assistance will strengthen the
17 security of the United States and promote world peace. No
18 such assistance shall be furnished to a nation unless it
19 shall have agreed to the provisions required by section 142,
20 and such additional provisions as the President deems neces-
21 sary to effectuate the policies and provisions of this title and
22 to safeguard the interests of the United States.

23 SEC. 142.—AGREEMENTS.—No assistance shall be fur-
24 nished to any nation under this title unless such nation shall
25 have agreed to—

1 ~~(1)~~ join in promoting international understanding
2 and good will, and maintaining world peace;

3 ~~(2)~~ take such action as may be mutually agreed
4 upon to eliminate causes of international tension;

5 ~~(3)~~ fulfill the military obligations, if any, which
6 it has assumed under multilateral or bilateral agree-
7 ments or treaties to which the United States is a party;

8 ~~(4)~~ make, consistent with its political and eco-
9 nomic stability, the full contribution permitted by its
10 manpower, resources, facilities, and general economic
11 condition to the development and maintenance of its own
12 defensive strength and the defensive strength of the free
13 world;

14 ~~(5)~~ take all reasonable measures which may be
15 needed to develop its defense capacities;

16 ~~(6)~~ take appropriate steps to insure the effective
17 utilization of the assistance furnished under this title in
18 furtherance of the policies and purposes of this title;

19 ~~(7)~~ impose appropriate restrictions against trans-
20 fer of title to or possession of any equipment and mate-
21 rials, information, or services furnished under chapter 1
22 of this title, without the consent of the President;

23 ~~(8)~~ maintain the security of any article, service,
24 or information furnished under chapter 1 of this title;

25 ~~(9)~~ furnish equipment and materials, services, or

1 other assistance consistent with the Charter of the
2 United Nations, to the United States or to and among
3 other nations to further the policies and purpose of
4 chapter 1 of this title;

5 ~~(10)~~ permit continuous observation and review
6 by United States representatives of programs of as-
7 sistance authorized under this title, including the uti-
8 lization of any such assistance, or provide the United
9 States with full and complete information with re-
10 spect to these matters, as the President may require;
11 and

12 ~~(11)~~ in cases where any commodity is furnished
13 on a grant basis under any provision of this Act other
14 than chapter 1 of title I under arrangements which will
15 result in the accrual of proceeds to the recipient nation
16 from the import or sale thereof, establish a Special
17 Account, and—

18 ~~(i)~~ deposit in the Special Account, under such
19 terms and conditions as may be agreed upon, cur-
20 rency of the recipient nation in amounts equal to
21 such proceeds;

22 ~~(ii)~~ allocate to the use of the United States
23 Government not less than 10 per centum of the
24 amounts deposited in the Special Account; and

25 ~~(iii)~~ utilize the remainder of the Special Ac-

count for programs agreed to by the United States to carry out the purposes for which new funds authorized by this Act would themselves be available.

Any unencumbered balances of funds deposited in the special Account after the effective date of this Act which remain in the Account upon termination of assistance to such nation under this title shall be disposed of in such manner as may be authorized by Act or joint resolution of the Congress.

TITLE II—DEVELOPMENT ASSISTANCE

SEC. 201. AUTHORIZATION.—(a) There is hereby authorized to be appropriated to the President for the fiscal year 1955, not to exceed—

(1) \$130,000,000 for assistance designed to promote the economic development of the Near East and Africa, and for other types of assistance designed to help maintain economic and political stability in the area;

(2) \$85,000,000 for assistance designed to promote the economic development of South Asia and to assist in maintaining economic and political stability in the area; and

(3) \$9,000,000 for assistance designed to promote economic development in the other American

1 Republics and non-self-governing territories of the West-
2 ern Hemisphere.

3 Such assistance may be furnished on such terms and con-
4 ditions as the President may specify, except that not less
5 than 50 per centum of the assistance furnished under each
6 paragraph of this subsection shall be furnished on terms
7 of repayment in accordance with section 505.

8 ~~(b)~~ In addition, unexpended balances of appropria-
9 tions heretofore made pursuant to sections 206 and 302
10 ~~(b)~~ of the Mutual Security Act of 1951, as amended, and
11 unexpended balances of funds allocated to the emergency
12 economic aid program for Bolivia are hereby authorized
13 to be continued available for the purposes of this section
14 through June 30, 1955, and to be consolidated with the
15 appropriations authorized by paragraphs ~~(1)~~, ~~(2)~~, and ~~(3)~~
16 of subsection ~~(a)~~ of this section, respectively.

17 SEC. 202. ADMINISTRATION.—Except as necessary to
18 accomplish the purposes of section 201, programs of assist-
19 ance authorized by that section shall be administered in
20 accordance with sections 301, 302, and 307.

21 TITLE III—TECHNICAL COOPERATION

22 SEC. 301. GENERAL AUTHORITY AND DEFINITION.—It
23 is the purpose of this title to assist the efforts of the peoples
24 of economically underdeveloped areas to achieve economic
25 progress by authorizing measures designed to increase tech-

1 nical knowledge and skills and the flow of investment capital.
2 The President is authorized to furnish assistance in accord-
3 ance with the provisions of this title through bilateral
4 technical cooperation programs. As used in this title, the
5 term "technical cooperation programs" means programs for
6 the international interchange of technical knowledge and
7 skills designed to contribute primarily to the balanced and
8 integrated development of the economic resources and pro-
9 ductive capacities of economically underdeveloped areas.
10 Such activities shall be limited to economic, engineering,
11 medical, educational, agricultural, forestry, fishery, mineral,
12 and fiscal surveys, demonstration, training, and similar proj-
13 ects that serve the purpose of promoting the development of
14 economic resources, productive capacities, and trade of eco-
15 nomically underdeveloped areas, and training in public ad-
16 ministration. The term "technical cooperation programs"
17 does not include such activities authorized by the United
18 States Information and Educational Exchange Act of 1948
19 (62 Stat. 6) as are not primarily related to economic devel-
20 opment, nor activities undertaken now or hereafter pursuant
21 to the International Aviation Facilities Act (62 Stat. 450),
22 nor activities undertaken now or hereafter in the administra-
23 tion of areas occupied by the United States Armed Forces.

24 SEC. 302. PREREQUISITES TO ASSISTANCE.—Assistance
25 shall be made available under section 304 of this Act only

1 where the President determines that the nation being
2 assisted—

3 (a) pays a fair share of the cost of the program;

4 (b) provides all necessary information concerning
5 such program and gives the program full publicity;

6 (c) seeks to the maximum extent possible full co-
7 ordination and integration of technical cooperation pro-
8 grams being carried on in that nation;

9 (d) endeavors to make effective use of the results
10 of the program; and

11 (e) cooperates with other nations participating in
12 the program in the mutual exchange of technical
13 knowledge and skills.

14 SEC. 303. AUTHORIZATION.—There is hereby author-
15 ized to be appropriated to the President for the fiscal year
16 1955 \$112,070,000 for technical cooperation programs in
17 the Near East, Africa, South Asia, Far East and Pacific,
18 and Latin America. In addition, unexpended balances of
19 appropriations heretofore made pursuant to section 543
20 of the Mutual Security Act of 1951, as amended, are
21 authorized to be continued available for the purposes of
22 this section through June 30, 1955, and to be consoli-
23 dated with the appropriation authorized by this section.

24 SEC. 304. LIMITATION ON USE OF FUNDS.—Funds
25 made available under section 303 may be expended to

1 furnish assistance in the form of equipment or commodi-
2 ties only where necessary for instruction or demonstra-
3 tion purposes.

4 SEC. 305. MULTILATERAL TECHNICAL COOPERA-
5 TION.—As one means of accomplishing the purposes of
6 this title, the United States is authorized to participate
7 in multilateral technical cooperation programs carried on
8 by the United Nations, the Organization of American
9 States, their related organizations, and other international
10 organizations, wherever practicable. There is hereby au-
11 thorized to be appropriated to carry out the purpose of
12 this section, in addition to the amounts authorized by sec-
13 tion 303, not to exceed—

14 (a) \$17,958,000 for making contributions to the
15 United Nations Expanded Program of Technical
16 Assistance;

17 (b) \$1,500,000 for making contributions to the
18 technical cooperation program of the Organization of
19 American States.

20 SEC. 306. ADVANCES AND GRANTS; CONTRACTS.—
21 The President may make advances and grants in aid of
22 technical cooperation programs to any person, corpora-
23 tion, or other body of persons or to any foreign gov-
24 ernment agency. The President may make and perform
25 contracts and agreements in respect of technical cooper-

1 ation programs on behalf of the United States Govern-
2 ment with any person, corporation, or other body of
3 persons however designated, whether within or without
4 the United States, or with any foreign government or
5 foreign government agency. A contract or agreement
6 which entails commitments for the expenditure of funds
7 appropriated pursuant to this title may, subject to any
8 future action of the Congress, run for not to exceed three
9 years.

10 SEC. 307. INTERNATIONAL DEVELOPMENT ADVISORY
11 BOARD.—There shall be an advisory board, referred to in
12 this section as the “Board”, which shall advise and consult
13 with the President, or such other officer as he may designate
14 to administer this title, with respect to general or basic policy
15 matters arising in connection with the operation of pro-
16 grams authorized by this title, title II, and section 414 (b).
17 The Board shall consist of not more than thirteen members
18 appointed by the President, one of whom, by and with the
19 advice and consent of the Senate, shall be appointed by him
20 as chairman. The members of the Board shall be broadly
21 representative of voluntary agencies and other groups in-
22 terested in the programs, including business, labor, agricul-
23 ture, public health, and education. All members of the
24 Board shall be citizens of the United States; none except
25 the chairman shall be an officer or an employee of the

1 United States (including any United States Government
2 agency) who as such regularly receives compensation for
3 current services. Members of the Board, other than the
4 chairman if he is an officer of the United States Govern-
5 ment, shall receive out of funds made available for the pur-
6 pose of this title a per diem allowance of \$50 for each day
7 spent away from their homes or regular places of business
8 for the purpose of attendance at meetings of the Board or
9 at conferences held upon the call of the chairman, and in
10 necessary travel, and while so engaged they may be paid
11 actual travel expenses and not to exceed \$10 per diem in
12 lieu of subsistence and other expenses.

13 SEC. 308. JOINT COMMISSION ON RURAL RECON-
14 STRUCTION IN CHINA.—The President is authorized to con-
15 tinue to participate in the Joint Commission on Rural Re-
16 construction in China and to appoint citizens of the United
17 States to the Commission.

18 TITLE IV—OTHER PROGRAMS

19 SEC. 401. SPECIAL FUND.—Of the funds made avail-
20 able under this Act, not to exceed \$150,000,000 may be
21 expended, without regard to the requirements of this Act
22 or any other Act for which funds are authorized by this
23 Act, in furtherance of any of the purposes of such Acts,
24 when the President determines that such use is important
25 to the security of the United States. Not to exceed \$100,—

1 000,000 of the funds available under this section may be
2 expended for any selected persons who are residing in or
3 escapees from the Soviet Union, Poland, Czechoslovakia,
4 Hungary, Rumania, Bulgaria, Albania, Lithuania, Latvia,
5 and Estonia or the Communist-dominated or Communist-
6 occupied areas of Germany and Austria, or any Communist-
7 dominated or Communist-occupied areas of Asia and any
8 other countries absorbed by the Soviet Union, either to
9 form such persons into elements of the military forces sup-
10 porting the North Atlantic Treaty Organization or for other
11 purposes, when the President determines that such assist-
12 ance will contribute to the defense of the North Atlantic
13 area or to the security of the United States. Certification
14 by the President of amounts expended under this section
15 up to a total of \$50,000,000, and that it is inadvisable to
16 specify the nature of such expenditures, shall be deemed a
17 sufficient voucher for such amounts. Not more than \$20,-
18 000,000 of the funds available under this section may be
19 allocated to any one nation.

20 SEC. 402. EARMARKING OF FUNDS.—Of the funds
21 authorized to be made available pursuant to this Act, not less
22 than \$500 million shall be used to finance the purchase and
23 export of surplus agricultural commodities, or products
24 thereof, produced in the United States, and foreign currency
25 proceeds therefrom shall be used for the purposes of this Act

1 pursuant to section 104 of the Agricultural Trade and De-
2 velopment Act of 1954.

3 SEC. 403. SPECIAL ASSISTANCE IN JOINT CONTROL
4 AREAS.—The President is hereby authorized to furnish com-
5 modities, services, and financial and other assistance to
6 nations and areas for which the United States has respon-
7 sibility as a result of participation in joint control arrange-
8 ments where found by the President to be in the interest of
9 the security of the United States. There is hereby authorized
10 to be appropriated to the President for the fiscal year 1955
11 not to exceed \$25,000,000 to carry out this section.

12 SEC. 404. RESPONSIBILITIES IN GERMANY.—Upon
13 approval by the Secretary of State, a part of the German
14 currency now or hereafter deposited under the bilateral
15 agreement of December 15, 1949, between the United States
16 and the Federal Republic of Germany (or any supplementary
17 or succeeding agreement) shall be deposited in the GARIOA
18 (Government and Relief in Occupied Areas) Special Ac-
19 count under the terms of article V of that agreement, and
20 currency which has been or may be deposited in said ac-
21 count, and any portion of funds made available for assist-
22 ance to the Federal Republic of Germany pursuant to section
23 403 of this Act, may be used for expenses necessary to
24 meet the responsibilities or objectives of the United States in
25 Germany, including responsibilities arising under the supreme

1 authority assumed by the United States on June 5, 1945,
2 and under contractual arrangements with the Federal Re-
3 public of Germany. Expenditures may be made under
4 authority of this section in amounts and under conditions
5 determined by the Secretary of State after consultation with
6 the official primarily responsible for administration of pro-
7 grams under chapter 3 of title I, and without regard to any
8 provision of law which the President determines must be
9 disregarded in order to meet such responsibilities or
10 objectives.

11 SEC. 405. MOVEMENT OF MIGRANTS AND REFU-
12 GEES.—(a) For the purpose of assisting in the movement of
13 migrants, there is hereby authorized to be appropriated
14 not to exceed \$11,700,000 for contributions during the
15 calendar year 1955 to the Intergovernmental Committee
16 for European Migration, and thereafter such amount as
17 may be necessary from time to time for the payment by
18 the United States of its contributions to the Committee
19 and all necessary salaries and expenses incident to United
20 States participation in the Committee. In addition, the
21 unexpended balance of the appropriation made pursuant
22 to section 534 of the Mutual Security Act of 1951, as
23 amended, is hereby authorized to be continued available
24 for the purpose of this section through June 30, 1955,

1 and to be consolidated with the appropriation authorized
2 in this section.

3 (b) Of the funds made available under this Act, not
4 more than \$800,000 may be used by the President to
5 facilitate the migration to the other American Republics
6 of persons resident in that portion of the Ryukyu Island
7 Archipelago under United States control.

8 (c) There is hereby authorized to be appropriated
9 for the fiscal year 1955 not to exceed \$500,000 for con-
10 tributions to the United Nations Refugee Emergency Fund.

11 SEC. 406. CHILDREN'S WELFARE.—There is hereby
12 authorized to be appropriated not to exceed \$13,500,000
13 for contributions during the fiscal year 1955 to the United
14 Nations Children's Fund.

15 SEC. 407. PALESTINE REFUGEES IN THE NEAR EAST.—
16 There is hereby authorized to be appropriated to the Presi-
17 dent for the fiscal year 1955, not to exceed \$30,000,000,
18 to be used to make contributions to the United Nations
19 Relief and Works Agency for Palestine Refugees in the
20 Near East. In addition, the unexpended balance of the
21 appropriation made for the Palestine refugee program in
22 the Mutual Security Appropriation Act, 1954, is hereby
23 authorized to be continued available for the purpose of
24 this section through June 30, 1955: *Provided*, That when-

1 ever the President shall determine that it would more
2 effectively contribute to the relief, rehabilitation, and re-
3 settlement of Palestine refugees in the Near East, he may
4 expend any part of such unexpended balance through any
5 other agency he may designate.

6 SEC. 408. NORTH ATLANTIC TREATY ORGANIZA-
7 TION.—(a) In order to provide for United States partici-
8 pation in the North Atlantic Treaty Organization, there
9 is hereby authorized to be appropriated for the fiscal year
10 1955 not to exceed \$3,200,000 for payment by the United
11 States of its share of the expenses of the Organization.

12 (b) The United States permanent representative to the
13 North Atlantic Treaty Organization shall be appointed by the
14 President by and with the advice and consent of the Senate
15 and shall hold office at the pleasure of the President. Such
16 representative shall have the rank and status of ambassador
17 extraordinary and plenipotentiary and shall be a chief of
18 mission, class 1, within the meaning of the Foreign Service
19 Act of 1946, as amended (22 U. S. C. 801).

20 (c) Persons detailed to the international staff of the
21 North Atlantic Treaty Organization in accordance with sec-
22 tion 529 of this Act who are appointed as Foreign Service
23 Reserve officers may serve for periods of more than four
24 years notwithstanding the limitation in section 522 of the
25 Foreign Service Act of 1946, as amended (22 U. S. C. 922).

1 SEC. 409. OCEAN FREIGHT CHARGES.—(a) In order
2 to further the efficient use of United States voluntary con-
3 tributions for relief and rehabilitation in nations eligible
4 for assistance under this Act, the President may pay ocean
5 freight charges from United States ports to designated ports
6 of entry of such nations on shipments by United States
7 voluntary nonprofit relief agencies registered with and ap-
8 proved by the Advisory Committee on Voluntary Foreign
9 Aid and shipments by the American Red Cross.

10 (b) Where practicable the President shall make ar-
11 rangements with the receiving nation for free entry of such
12 shipments and for the making available by that nation of
13 local currencies for the purpose of defraying the transportation
14 cost of such shipments from the port of entry of the receiving
15 nation to the designated shipping point of the consignee.

16 (c) There is hereby authorized to be appropriated to the
17 President for the fiscal year 1955 not to exceed \$4,400,-
18 000 to carry out the purposes of this section; and, in addition,
19 unexpended balances of appropriations heretofore made pur-
20 suant to section 535 of the Mutual Security Act of 1951, as
21 amended, are authorized to be continued available for the
22 purposes of this section through June 30, 1955, and to be
23 consolidated with the appropriation authorized in this section.

24 (d) In addition, any funds made available under this

1 Act may be used, in amounts determined by the Presi-
2 dent, to pay ocean freight charges on shipments of surplus
3 agricultural commodities, including commodities made avail-
4 able pursuant to any Act for the disposal abroad of United
5 States agricultural surpluses.

6 SEC. 410. CONTROL ACT EXPENSES.—There is hereby
7 authorized to be appropriated to the President for the
8 fiscal year 1955 not to exceed \$1,300,000 for carrying out
9 the objectives of the Mutual Defense Assistance Control
10 Act of 1951 (22 U. S. C. 1611). In addition, in accordance
11 with section 303 of that Act, funds made available for
12 carrying out chapter 1 of title I of this Act shall be avail-
13 able for carrying out the purpose of this section in such
14 amounts as the President may direct.

15 SEC. 411. ADMINISTRATIVE EXPENSES.—(a) When-
16 ever possible, the expenses of administration of this Act shall
17 be paid for in the currency of the nation where the expense is
18 incurred.

19 (b) There is hereby authorized to be appropriated to
20 the President for the fiscal year 1955 not to exceed \$35,-
21 900,000 for all necessary administrative expenses incident
22 to carrying out the provisions of this Act other than chapter
23 1 of title I, including expenses for compensation, allowances
24 and travel of personnel, including Foreign Service personnel
25 whose services are utilized primarily for the purposes of this

1 Act, and, without regard to the provisions of any other law,
2 for printing and binding, and for expenditures outside the
3 continental limits of the United States for the procurement of
4 supplies and services and for other administrative purposes
5 (other than compensation of personnel) without regard to
6 such laws and regulations governing the obligation and ex-
7 penditure of Government funds as may be necessary to ac-
8 complish the purposes of this Act.

9 SEC. 412. STRATEGIC MATERIALS.—In order to reduce
10 the drain on United States resources and to assure the produc-
11 tion of adequate supplies of essential raw materials for the
12 collective defense of the free world, the President is author-
13 ized to initiate projects for, and assist in procuring and stim-
14 ulating increased production of, materials in which deficien-
15 cies or potential deficiencies in supply exist in the United
16 States or among nations receiving United States assistance.
17 The unexpended balance of funds made available pursuant
18 ~~to section 514 of the Mutual Security Act of 1951, as~~
19 ~~to section 514 of the Mutual Security Act of 1951, as~~
20 ~~amended, is hereby authorized to be continued available for~~
21 ~~the purpose of this section through June 30, 1955.~~

22 SEC. 413. CHINESE AND KOREAN STUDENTS.—Funds
23 heretofore allocated to the Secretary of State pursuant to
24 the last proviso of section 202 of the China Area Aid Act
25 of 1950 (22 U. S. C. 1547) shall continue to be available

1 until expended, under such regulations as the Secretary of
2 State may prescribe, using private agencies to the maximum
3 extent practicable, for necessary expenses of tuition, subsist-
4 ence, transportation, and emergency medical care for selected
5 citizens of China and of Korea for studying or teaching in
6 accredited colleges, universities, or other educational insti-
7 tutions in the United States approved by the Secretary of
8 State for the purpose, or for research and related academic
9 and technical activities in the United States, and such
10 selected citizens of China who have been admitted for the
11 purpose of study in the United States shall be granted per-
12 mission to accept employment upon application filed with
13 the Commissioner of Immigration and Naturalization pur-
14 suant to regulations promulgated by the Attorney General.

15 SEC. 414. ENCOURAGEMENT OF FREE ENTERPRISE
16 AND PRIVATE PARTICIPATION.—(a) It is declared to be
17 the policy of the United States to encourage the efforts of
18 other free nations to increase the flow of international trade,
19 to foster private initiative and competition, to discourage
20 monopolistic practices, to improve the technical efficiency of
21 their industry, agriculture and commerce, and to strengthen
22 free labor unions; and to encourage the contribution of United
23 States enterprise toward the economic strength of other
24 free nations, through private trade and investment abroad,

1 private participation in the programs carried out under this
2 Act (including the use of private trade channels to the maxi-
3 mum extent practicable in carrying out such programs); and
4 exchange of ideas and technical information on the matters
5 covered by this section.

6 (b) In order to encourage and facilitate participation
7 by private enterprise to the maximum extent practicable in
8 achieving any of the purposes of this Act, the President—

9 (1) shall make arrangements to find and draw the
10 attention of private enterprise to opportunities for in-
11 vestment and development in other free nations;

12 (2) shall accelerate a program of negotiating
13 treaties for commerce and trade, or other temporary
14 arrangements where more suitable or expeditious, which
15 shall include provisions to encourage and facilitate the
16 flow of private investment to nations participating in
17 programs under this Act; and

18 (3) may make, until June 30, 1957, under rules
19 and regulations prescribed by him, guaranties to any
20 person of investments in connection with projects, in-
21 cluding expansion, modernization, or development of
22 existing enterprises, in any nation with which the
23 United States has agreed to institute the guaranty pro-
24 gram: *Provided, That—*

1 ~~(A)~~ such projects shall be approved by the
2 President as furthering any of the purposes of this
3 Act, and by the nation concerned;

4 ~~(B)~~ the guaranty to any person shall be limited
5 to assuring any or all of the following:

6 ~~(i)~~ the transfer into United States dollars
7 of other currencies, or credits in such currencies,
8 received by such person as earnings or profits
9 from the approved projects, as repayment or
10 return of the investment therein, in whole or in
11 part, or as compensation for the sale or dis-
12 position of all or any part thereof;

13 ~~(ii)~~ the compensation in United States
14 dollars for loss of all or any part of the invest-
15 ment in the approved project which shall be
16 found to have been lost to such person by rea-
17 son of expropriation or confiscation by action of
18 the government of a foreign nation or by reason
19 of war, revolution or insurrection;

20 ~~(C)~~ when any payment is made to any person
21 pursuant to a guaranty as hereinbefore described,
22 the currency, credits, assets, or investment on ac-
23 count of which such payment is made shall become
24 the property of the United States Government, and
25 the United States Government shall be subrogated

1 to any right, title, claim or cause of action existing
2 in connection therewith;

3 ~~(D)~~ the guaranty to any person shall not ex-
4 ceed the amount of dollars invested in the project
5 by such person with the approval of the President
6 plus actual earnings or profits on said project to
7 the extent provided by such guaranty, and shall be
8 limited to a term not exceeding twenty years from
9 the date of issuance;

10 ~~(E)~~ a fee shall be charged in an amount not
11 exceeding 1 per centum per annum of the amount
12 of each guaranty under clause ~~(i)~~ of subparagraph
13 ~~(B)~~; and not exceeding 4 per centum per annum of
14 the amount of each guaranty under clause ~~(ii)~~ of
15 such subparagraph, and all fees collected hereunder
16 shall be available for expenditure in discharge of
17 liabilities under guaranties made under this section
18 until such time as all such liabilities have been dis-
19 charged or have expired, or until all such fees have
20 been expended in accordance with the provisions of
21 this section;

22 ~~(F)~~ the President is authorized to issue guar-
23 anties up to a total of \$200,000,000: *Provided,*
24 That any funds allocated to a guaranty and remain-
25 ing after all liability of the United States assumed

1 in connection therewith has been released, dis-
2 charged, or otherwise terminated, shall be available
3 for allocation to other guaranties, the foregoing limi-
4 tation notwithstanding. Any payments made to
5 discharge liabilities under guaranties issued under
6 this subsection shall be paid out of fees collected
7 under subparagraph ~~(E)~~ as long as such fees are
8 available, and thereafter shall be paid out of funds
9 realized from the sale of notes which have been
10 issued under authority of paragraph 111 ~~(c)~~ ~~(2)~~
11 of the Economic Cooperation Act of 1948, as
12 amended, when necessary to discharge liabilities
13 under any such guaranty;

14 ~~(G)~~ the guaranty program authorized by this
15 paragraph shall be used to the maximum prac-
16 ticable extent and shall be administered under
17 broad criteria so as to facilitate and increase the
18 participation of private enterprise in achieving
19 any of the purposes of this Act;

20 ~~(H)~~ as used in this paragraph—

21 ~~(i)~~ the term “person” means a citizen of
22 the United States or any corporation, partner-
23 ship, or other association created under the
24 law of the United States or of any State or

1 Territory and substantially beneficially owned
2 by citizens of the United States, and

3 (ii) the term "investment" includes any
4 contribution of capital goods, materials, equip-
5 ment, services, patents, processes, or tech-
6 niques by any person in the form of (1) a
7 loan or loans to an approved project, (2) the
8 purchase of a share of ownership in any such
9 project, (3) participation in royalties, earn-
10 ings, or profits of any such project, and (4)
11 the furnishing of capital goods items and
12 related services pursuant to a contract pro-
13 viding for payment in whole or in part after
14 the end of the fiscal year in which the guar-
15 anty of such investment is made.

16 SEC. 415. EMIGRATION TO U. S. S. R.—Funds made
17 available pursuant to this Act may be used to pay the ex-
18 penses of travel of any resident in the United States to the
19 Union of Soviet Socialist Republics for the purpose of estab-
20 lishing permanent residence there: *Provided*, That such resi-
21 dent shall not be readmitted to the United States.

22 SEC. 416. MUNITIONS CONTROL.—(a) The President
23 is authorized to control, in furtherance of world peace and
24 the security and foreign policy of the United States, the

1 export and import of arms, ammunition, and implements
2 of war, other than by a United States Government agency.
3 The President is authorized to designate those articles
4 which shall be considered as arms, ammunition, and im-
5 plements of war for the purposes of this section.

6 (b) As prescribed in regulations issued under this sec-
7 tion, every person who engages in the business of manufac-
8 turing, exporting, or importing any arms, ammunition, or
9 implements of war designated by the President under sub-
10 section (a) shall register with the United States Govern-
11 ment agency charged with the administration of this section
12 and, in addition, shall pay a registration fee which shall be
13 prescribed by such regulations.

14 (c) Any person who willfully violates any provision
15 of this section or any rule or regulation issued under this
16 section, or who willfully, in a registration or license appli-
17 cation, makes any untrue statement of a material fact or
18 omits to state a material fact required to be stated therein
19 or necessary to make the statements therein not mislead-
20 ing, shall upon conviction be fined not more than \$25,000
21 or imprisoned not more than two years, or both.

22 ~~SEC. 417. ASSISTANCE TO INTERNATIONAL ORGANI-~~
23 ~~ZATION.~~—Whenever it will assist in achieving purposes
24 declared in this Act, the President is authorized to use funds
25 available under sections 131 and 403 in order to furnish

1 assistance, including by transfer of funds, directly to the
2 North Atlantic Treaty Organization, for a strategic stock-
3 pile of foodstuffs and other supplies, or for other purposes.

4 SEC. 418. FACILITATION AND ENCOURAGEMENT OF
5 TRAVEL.—The President, through such officer or commis-
6 sion as he may designate, shall facilitate and encourage,
7 without cost to the United States except for administrative
8 expenses, the promotion and development of travel by
9 citizens of the United States to and within countries receiving
10 assistance under this Act and travel by citizens of such
11 countries to the United States.

12 TITLE V—MISCELLANEOUS PROVISIONS

13 CHAPTER 1. GENERAL PROVISIONS

14 SEC. 501. TRANSFERABILITY OF FUNDS.—Whenever
15 the President determines it to be necessary for the purposes
16 of this Act, not to exceed 10 per centum of the funds made
17 available pursuant to any provision of this Act may be trans-
18 ferred to and consolidated with the funds made available
19 pursuant to any other provision of this Act, and may be
20 used for any of the purposes for which such funds may be
21 used, except that the total in the provision for the bene-
22 fit of which the transfer is made shall not be increased by
23 more than 10 per centum of the amount made available for
24 such provision pursuant to this Act. Funds transferred under
25 this section to furnish military assistance under chapter 1 of

1 title I may be expended without regard to the area limits
2 imposed by section 106 (c). Not less than 50 per centum
3 of any assistance furnished under paragraph (1), (2), or
4 (3) of section 201 (a) with funds transferred under this
5 section shall be furnished on terms of repayment in ac-
6 cordance with section 505.

7 SEC. 502. USE OF FOREIGN CURRENCY.—(a) Notwith-
8 standing section 1415 of the Supplemental Appropriation
9 Act, 1953, or any other provision of law, proceeds of sales
10 made under section 550 of the Mutual Security Act of 1951,
11 as amended, shall remain available and shall be used for any
12 of the purposes of this Act, giving particular regard to the
13 following purposes—

14 (1) for providing military assistance to nations or
15 mutual defense organizations eligible to receive assist-
16 ance under this Act;

17 (2) for purchase of goods or services in friendly
18 nations;

19 (3) for loans, under applicable provisions of this
20 Act, to increase production of goods or services, includ-
21 ing strategic materials, needed in any nation with
22 which an agreement was negotiated, or in other friendly
23 nations, with the authority to use currencies received
24 in repayment for the purposes stated in this section or

1 for deposit to the general account of the Treasury of
2 the United States;

3 (4) for developing new markets on a mutually
4 beneficial basis;

5 (5) for grants-in-aid to increase production for
6 domestic needs in friendly countries;

7 (6) for purchasing materials for United States
8 stockpiles.

9 (b) Notwithstanding section 1415 of the Supplemental
10 Appropriation Act, 1953, or any other provision of law, local
11 currencies owned by the United States shall be made avail-
12 able to appropriate committees of the Congress engaged in
13 carrying out their duties under section 136 of the Legislative
14 Reorganization Act of 1946, as amended, for their local cur-
15 rency expenses: *Provided*, That any such committee of the
16 Congress which uses local currency shall make a full account-
17 ing thereof to the Committee on House Administration of the
18 House of Representatives (if the committee using such cur-
19 rency is a committee of the House of Representatives) or to
20 the Committee on Rules and Administration of the Senate (if
21 the committee using such currency is a committee of the
22 Senate), showing the total amount of such currency so used
23 in each country and the purposes for which it was expended.

24 SEC. 503. TERMINATION OF ASSISTANCE.—(a) If the

1 President determines that the furnishing of assistance to any
2 nation under any provision of this Act—

3 ~~(1)~~ is no longer consistent with the national inter-
4 est or security or the foreign policy of the United
5 States; or

6 ~~(2)~~ would no longer contribute effectively to the
7 purposes for which such assistance is furnished; or

8 ~~(3)~~ is no longer consistent with the obligations and
9 responsibilities of the United States under the Charter
10 of the United Nations;

11 he shall terminate all or part of any assistance furnished
12 pursuant to this Act.—If the President determines that any
13 nation which is receiving assistance under chapter 1 of
14 title I of this Act is not making its full contribution to
15 its own defense or to the defense of the area of which
16 it is a part, he shall terminate all or part of such
17 assistance.

18 ~~(b)~~ Assistance to any nation under any provision of
19 this Act may, unless sooner terminated by the President,
20 be terminated by concurrent resolution.

21 ~~(c)~~ Funds made available under this Act shall remain
22 available for twelve months from the date of termination
23 under this section for the necessary expenses of liquidating
24 assistance programs.

25 SEC. 504. SMALL BUSINESS.—(a) Insofar as practica-

1 ble and to the maximum extent consistent with the accom-
2 plishment of the purposes of this Act, the President shall
3 assist American small business to participate equitably in the
4 furnishing of commodities and services financed with funds
5 authorized under titles II, III, and IV, and chapters 2 and
6 3 of title I, of this Act—

7 (1) by causing to be made available to suppliers in
8 the United States and particularly to small independent
9 enterprises, information, as far in advance as possible,
10 with respect to purchases proposed to be financed with
11 such funds.

12 (2) by causing to be made available to prospective
13 purchasers in the nations receiving assistance under this
14 Act information as to commodities and services produced
15 by small independent enterprises in the United States,
16 and

17 (3) by providing for additional services to give
18 small business better opportunities to participate in the
19 furnishing of commodities and services financed with
20 such funds.

21 (b) There shall be an Office of Small Business, headed
22 by a Special Assistant for Small Business, in such United
23 States Government agency as the President may direct, to
24 assist in carrying out the provisions of subsection (a) of this
25 section.

1 ~~(c)~~ The Secretary of Defense shall assure that there is
2 made available to suppliers in the United States, and par-
3 ticularly to small independent enterprises, information with
4 respect to purchases made by the Department of De-
5 fense pursuant to chapter 1 of title I, such information
6 to be furnished as far in advance as possible.

7 SEC. 505. LOAN ASSISTANCE.—~~(a)~~ Not less than 10
8 per centum of the amounts obligated from funds appropriated
9 pursuant to titles I and II ~~(excluding funds previously~~
10 ~~appropriated and continued available pursuant to such titles)~~
11 shall be obligated for furnishing assistance on terms of repay-
12 ment ~~(including repayment in foreign currencies or by trans-~~
13 ~~fer to the United States of materials required for stockpiling~~
14 ~~or other purposes)~~.

15 ~~(b)~~ Funds for the purpose of furnishing assistance on
16 terms of repayment shall be allocated to the Export-Import
17 Bank of Washington, which shall, notwithstanding the pro-
18 visions of the Export-Import Bank Act of 1945 ~~(59 Stat.~~
19 ~~526)~~, as amended, make and administer the credit on such
20 terms. Credits made by the Export-Import Bank of Wash-
21 ington with funds so allocated to it shall not be considered in
22 determining whether the Bank has outstanding at any one
23 time loans and guaranties to the extent of the limitation im-
24 posed by section 7 of the Export-Import Bank Act of 1945.

1 ~~(59 Stat. 529)~~, as amended.—Amounts received in repay-
 2 ment of principal and interest on any loan made under this
 3 section shall be held by the Treasury to be used for such pur-
 4 poses, including further loans, as may be authorized from
 5 time to time by Congress. Amounts received in repayment
 6 of principal and interest on any credits made under paragraph
 7 ~~111 (e) (2)~~ of the Economic Cooperation Act of 1948, as
 8 amended, shall be deposited into miscellaneous receipts of the
 9 Treasury, except that, to the extent required for such pur-
 10 pose, amounts received in repayment of principal and interest
 11 on any credits made out of funds realized from the sale of
 12 notes heretofore authorized to be issued for the purpose of
 13 financing assistance on a credit basis under paragraph ~~111~~
 14 ~~(e) (2)~~ of the Economic Cooperation Act of 1948, as
 15 amended, shall be deposited into the Treasury for the pur-
 16 pose of the retirement of such notes.

17 SEC. 506. PATENTS AND TECHNICAL INFORMATION.—

18 ~~(a)~~ As used in this section—

19 ~~(1)~~ the term “invention” means an invention or
 20 discovery covered by a patent issued by the United
 21 States; and

22 ~~(2)~~ the term “information” means information
 23 originated by or peculiarly within the knowledge of the

1 owner thereof and those in privity with him, which is
2 not available to the public and is subject to protection as
3 property under recognized legal principles.

4 ~~(b)~~ Whenever, in connection with the furnishing of
5 any assistance in furtherance of the purposes of this Act—

6 ~~(1)~~ use within the United States, without author-
7 ization by the owner, shall be made of an invention; or

8 ~~(2)~~ damage to the owner shall result from the
9 disclosure of information by reason of acts of the United
10 States or its officers or employees;

11 the exclusive remedy of the owner of such invention or
12 information shall be by suit against the United States in
13 the Court of Claims or in the District Court of the United
14 States for the district in which such owner is a resident
15 for reasonable and entire compensation for unauthorized
16 use or disclosure. In any such suit the United States may
17 avail itself of any and all defenses, general or special, that
18 might be pleaded by any defendant in a like action.

19 ~~(c)~~ Before such suit against the United States has been
20 instituted, the head of the appropriate United States Gov-
21 ernment agency, which has furnished any assistance in fur-
22 therance of the purposes of this Act, is authorized and em-
23 powered to enter into an agreement with the claimant, in
24 full settlement and compromise of any claim against the
25 United States hereunder.

1 ~~(d)~~ The provisions of the last sentence of section 1498
2 of title 28 of the United States Code shall apply to inven-
3 tions and information covered by this section.

4 ~~(e)~~ Except as otherwise provided by law, no recovery
5 shall be had for any infringement of a patent committed
6 more than six years prior to the filing of the complaint or
7 counterclaim for infringement in the action, except that the
8 period between the date of receipt by the Government of a
9 written claim under subsection ~~(e)~~ above for compensa-
10 tion for infringement of a patent and the date of mailing
11 by the Government of a notice to the claimant that his
12 claim has been denied shall not be counted as part of the
13 six years, unless suit is brought before the last-mentioned
14 date.

15 SEC. 507. AVAILABILITY OF FUNDS.—Except as other-
16 wise provided in sections 104, 105, 405, and 413, funds
17 shall be available to carry out the provisions of this Act
18 ~~(other than sections 416 and 418)~~ as authorized and appro-
19 priated to the President each fiscal year.

20 SEC. 508. LIMITATION ON FUNDS FOR PROPAGANDA.—
21 None of the funds herein authorized to be appropriated nor
22 any counterpart funds shall be used to pay for personal
23 services or printing, or for other expenses of the dissemina-
24 tion within the United States of general propaganda in sup-
25 port of the mutual security program, or to pay the travel or

1 other expenses outside the United States of any citizen or
2 group of citizens of the United States for the purpose of
3 publicizing such program within the United States.

4 SEC. 509. PURCHASE OF COMMODITIES.—No funds
5 made available under title II or chapter 3 of title I of this
6 Act shall be used for the purchase in bulk of any commodi-
7 ties at prices higher than the market price prevailing in the
8 United States at the time of the purchase adjusted for differ-
9 ences in the cost of transportation to destination, quality,
10 and terms of payment. A bulk purchase within the mean-
11 ing of this section does not include the purchase of raw
12 cotton in bales. Funds made available under title II or
13 chapter 3 of title I of this Act may be used for the pro-
14 curement of commodities outside the United States unless
15 the President determines that such procurement will result
16 in adverse effects upon the economy of the United States,
17 with special reference to any areas of labor surplus, or upon
18 the industrial mobilization base, which outweigh the eco-
19 nomic advantages to the United States of less costly procure-
20 ment abroad. In providing for the procurement of any
21 surplus agricultural commodity for transfer by grant under
22 this Act to any recipient nation in accordance with the
23 requirements of such nation, the President shall, insofar as
24 practicable and where in furtherance of the purposes of this
25 Act, authorize the procurement of such surplus agricultural

1 commodity only within the United States except to the ex-
2 tent that any such surplus agricultural commodity is not
3 available in the United States in sufficient quantities to sup-
4 ply the requirements of the nations receiving assistance
5 under this Act.

6 SEC. 510. RETENTION AND RETURN OF EQUIP-
7 MENT.—(a) No equipment or materials may be transferred
8 under title I out of military stocks if the Secretary of De-
9 fense, after consultation with the Joint Chiefs of Staff, de-
10 termines that such transfer would be detrimental to the
11 national security of the United States, or that such equip-
12 ment or materials are needed by the reserve components of
13 the Armed Forces to meet their training requirements.

14 (b) Any equipment, materials, or commodities pro-
15 cured to carry out this Act shall be retained by, or, upon re-
16 imbursement, transferred to and for the use of, such United
17 States Government agency as the President may determine
18 in lieu of being disposed of to a foreign nation or interna-
19 tional organization whenever in the judgment of the Presi-
20 dent the best interests of the United States will be served
21 thereby, or whenever such retention is called for by concur-
22 rent resolution.—Any commodities so retained may be dis-
23 posed of without regard to provisions of law relating to the
24 disposal of Government-owned property, when necessary to
25 prevent spoilage or wastage of such commodities or to con-

1 serve the usefulness thereof. Funds realized from any such
2 disposal or transfer shall revert to the respective appropriation
3 or appropriations out of which funds were expended for the
4 procurement of such equipment, materials, or commodities or
5 to appropriations currently available for such procurement.

6 (c) The President shall make appropriate arrange-
7 ments with each nation receiving equipment or materials
8 under chapter 1 of title I (other than equipment or
9 materials sold under the provisions of section 107) for the
10 return to the United States (1) for salvage or scrap, or (2)
11 for such other disposition as the President shall deem to be
12 in the interest of mutual security, of any such equipment or
13 materials which are no longer required for the purposes for
14 which originally made available.

15 SEC. 511. PENAL PROVISION.—Whoever offers or gives
16 to anyone who is or in the preceding two years has been an
17 employee or officer of the United States any commission,
18 payment, or gift, in connection with the procurement of
19 equipment, materials, commodities, or services under this
20 Act in connection with which procurement said officer,
21 employee, former officer or former employee is or was
22 employed or performed duty or took any action during such
23 employment, and whoever, being or having been an em-
24 ployee or officer of the United States in the preceding two
25 years, solicits, accepts, or offers to accept any commission,

1 payment, or gift in connection with the procurement of
2 equipment, materials, commodities, or services under this
3 Act in connection with which procurement said officer,
4 employee, former officer or former employee is or was
5 employed or performed duty or took any action during such
6 employment, shall upon conviction thereof be subject to a
7 fine of not to exceed \$10,000 or imprisonment for not to
8 exceed three years, or both: *Provided*, That this section
9 shall not apply to persons appointed pursuant to sections
10 307 or 530 (a) of this Act.

11 SEC. 512. NOTICE TO LEGISLATIVE COMMITTEES.—
12 When any transfer is made under section 106 (d) or section
13 501, or any other action is taken under this Act which will
14 result in furnishing assistance of a kind, for a purpose, or to
15 an area, substantially different from that included in the
16 presentation to the Congress during its consideration of this
17 Act, or which will result in expenditures greater by 50 per
18 centum or more than the proposed expenditures included in
19 such presentation for the program or project concerned,
20 the President or such officer as he may designate shall
21 promptly notify the Committee on Foreign Relations of the
22 Senate, the Committee on Foreign Affairs of the House of
23 Representatives and, when military assistance is involved,
24 the Committees on Armed Services of the Senate and
25 House of Representatives, stating the justification for such

1 change. Notice shall also be given to the Committee on
2 Foreign Relations of the Senate and the Committee on
3 Foreign Affairs of the House of Representatives of any
4 determination under the first sentence of section 401 (except
5 with respect to unvouchered funds), and copies of any
6 certification as to loyalty under section 531 shall be filed
7 with such committees.

8 SEC. 513. SHIPPING ON UNITED STATES VESSELS.—

9 Such steps as may be necessary shall be taken to assure,
10 as far as practicable, that at least 50 per centum of the
11 gross tonnage of commodities, materials and equipment
12 procured out of funds made available under sections 103,
13 105, 123, 131, 132 (a), 201, and 303 of this Act and
14 transported to or from the United States on ocean vessels,
15 computed separately for dry bulk carriers, dry cargo liner
16 and tanker services and computed separately for sections
17 103 and 105 (taken together) and for sections 123, 131,
18 132 (a), 201, and 303 (taken together) is so transported
19 on United States flag commercial vessels to the extent such
20 vessels are available at market rates for United States flag
21 commercial vessels; and, in the administration of this pro-
22 vision, steps shall be taken, insofar as practicable and con-
23 sistent with the purposes of this Act, to secure a fair and
24 reasonable participation by United States flag commercial
25 vessels in cargoes by geographic area.

CHAPTER 2. ORGANIZATION AND ADMINISTRATION

SEC. 521. DELEGATION OF AUTHORITY BY THE PRESIDENT.—The President may exercise any power or authority conferred on him by this Act through such agency or officer of the United States as he shall direct, and the head of such agency or such officer may from time to time promulgate such rules and regulations as may be necessary and proper to carry out functions under this Act and may delegate authority to perform any of such functions to his subordinates acting under his direction.

SEC. 522. ALLOCATION AND REIMBURSEMENT AMONG AGENCIES.—(a) The President may allocate or transfer to any United States Government agency any part of any funds available for carrying out the purposes of this Act, including any advance to the United States by any nation or international organization for the procurement of equipment or materials or services. Such funds shall be available for obligation and expenditure for the purposes for which authorized, in accordance with authority granted in this Act or under authority governing the activities of the Government agencies to which such funds are allocated or transferred. Funds allocated to the Department of Defense shall be governed by the procedures of subsection (c) of this section.

(b) Any officer of the United States performing func-

1 tions under this Act may utilize the services and facilities
2 of, or procure commodities from, any United States Gov-
3 ernment agency as the President shall direct, or with the
4 consent of the head of such agency, and funds allocated
5 pursuant to this subsection to any such agency may be
6 established in separate appropriation accounts on the books
7 of the Treasury.

8 (c) Reimbursement shall be made to any United States
9 Government agency, from funds available to carry out
10 chapter 1 of title I of this Act, for any assistance fur-
11 nished under that chapter from, by, or through such
12 agency. Such reimbursement shall be in an amount equal
13 to the value (as defined in section 545) of the equipment
14 and materials, services (other than salaries of members
15 of the Armed Forces of the United States), or other assist-
16 ance furnished, plus expenses arising from or incident to
17 operations under that chapter. The amount of any such
18 reimbursement shall be credited as reimbursable receipts
19 to current applicable appropriations, funds, or accounts of
20 such agency and shall be available for, and under the
21 authority applicable to, the purposes for which such appro-
22 priations, funds, or accounts are authorized to be used,
23 including the procurement of equipment and materials or
24 services, required by such agency, in the same general cate-
25 gory as those furnished by it or authorized to be procured by

1 it and expenses arising from and incident to such procurement.

2 (d) In the case of any commodity, service, or facility
3 procured from any United States Government agency under
4 any provision of this Act other than chapter 1 of title I,
5 reimbursement or payment shall be made to such agency
6 from funds available to carry out such provision. Such
7 reimbursement or payment shall be at replacement cost, or,
8 if required by law, at actual cost, or at any other price
9 authorized by law and agreed to by the owning or disposal
10 agency. The amount of any such reimbursement or pay-
11 ment shall be credited to current applicable appropriations,
12 funds, or accounts from which there may be procured
13 replacements of similar commodities, services, or facilities,
14 except that where such appropriations, funds, or accounts
15 are not reimbursable except by reason of this subsection,
16 and when the owning agency determines that such replace-
17 ment is not necessary, any funds received in payment
18 therefor shall be covered into the Treasury as miscellaneous
19 receipts.

20 (e) In furnishing assistance under this Act accounts
21 may be established on the books of any United States
22 Government agency or, on terms and conditions approved
23 by the Secretary of the Treasury, in banking institutions
24 in the United States, against which (i) letters of com-
25 mitment may be issued which shall constitute obligations

1 of the United States, and moneys due or to become due
2 under such letters of commitment shall be assignable under
3 the Assignment of Claims Act of 1940, as amended, and
4 (ii) withdrawals may be made by recipient nations or
5 agencies, organizations or persons upon presentation of con-
6 tracts, invoices, or other appropriate documentation. Ex-
7 penditure of funds which have been made available through
8 accounts so established shall be accounted for on standard
9 documentation required for expenditure of Government
10 funds: *Provided*, That such expenditures for commodities or
11 services procured outside the continental limits of the United
12 States may be accounted for exclusively on such certification
13 as may be prescribed in regulations approved by the Comp-
14 troller General of the United States.

15 SEC. 523. COORDINATION WITH FOREIGN POLICY.—

16 (a) Nothing contained in this Act shall be construed to
17 infringe upon the powers or functions of the Secretary of
18 State.

19 (b) The President shall prescribe appropriate proce-
20 dures to assure coordination among representatives of the
21 United States Government in each country, under the leader-
22 ship of the Chief of the United States Diplomatic Mission.

23 SEC. 524. THE SECRETARY OF DEFENSE.—(a) In the
24 case of aid under chapter 1 of title I of this Act, the Secre-
25 tary of Defense shall have primary responsibility for—

(1) the determination of military end-item requirements;

(2) the procurement of military equipment in a manner which permits its integration with service programs;

(3) the supervision of end-item use by the recipient countries;

(4) the supervision of the training of foreign military personnel;

(5) the movement and delivery of military end-items; and

(6) within the Department of Defense, the performance of any other functions with respect to the furnishing of military assistance.

(b) The establishment of priorities in the procurement, delivery, and allocation of military equipment shall be determined by the Secretary of Defense. The determination of the value of the program for any country under chapter 1 of title I shall be made by the President.

SEC. 525. FOREIGN OPERATIONS ADMINISTRATION.—

Except as modified pursuant to this section or section 521, the Director of the Foreign Operations Administration (referred to in this chapter as the "Director") shall continue to perform the functions vested in him on the effective date of this Act, except insofar as such functions relate to continu-

ous supervision and general direction of programs of military assistance. The President may transfer to any agency or officer of the United States, and may modify or abolish, any function, office, or entity of the Foreign Operations Administration or any officer or employe thereof, and may transfer such personnel, property, records, and funds as may be necessary incident thereto.

SEC. 526. MISSIONS AND STAFFS ABROAD.—The President may maintain special missions or staffs abroad in such nations and for such periods of time as may be necessary to carry out this Act. Each such special mission or staff shall be under the direction of a chief. The chief and his deputy shall be appointed by the President and may, notwithstanding any other law, be removed by the President at his discretion. The chief shall be entitled to receive ~~(1)~~ in cases approved by the President, the same compensation and allowances as a chief of mission, class 3, or a chief of mission, class 4, within the meaning of the Foreign Service Act of 1946 (22 U. S. C. 801), or ~~(2)~~ compensation and allowances in accordance with section 527 (c) of this Act, as the President shall determine to be appropriate.

SEC. 527. EMPLOYMENT OF PERSONNEL.—(a) Any United States Government agency performing functions under this Act is authorized to employ such personnel as the

1 President deems necessary to carry out the provisions and
2 purposes of this Act.

3 (b) Of the personnel employed in the United States on
4 programs authorized by this Act, not to exceed sixty may be
5 compensated without regard to the provisions of the Classifi-
6 cation Act of 1949, as amended, of whom not to exceed
7 thirty-five may be compensated at rates higher than those
8 provided for grade 15 of the general schedule established
9 by the Classification Act of 1949, as amended, and of these,
10 not to exceed fifteen may be compensated at a rate in excess
11 of the highest rate provided for grades of such general
12 schedule but not in excess of \$15,000 per annum. Such
13 positions shall be in addition to those authorized by law to
14 be filled by Presidential appointment, and in addition to the
15 number authorized by section 505 of the Classification Act
16 of 1949, as amended.

17 (c) For the purpose of performing functions under this
18 Act outside the continental limits of the United States, the
19 Director may—

20 (1) employ or assign persons, or authorize the em-
21 ployment or assignment of officers or employees of other
22 United States Government agencies, who shall receive
23 compensation at any of the rates provided for the For-
24 eign Service Reserve and Staff by the Foreign Service

1 Act of 1946, as amended (22 U. S. C. 801), together
2 with allowances and benefits established thereunder in-
3 cluding, in all cases, post differentials prescribed under
4 section 443 of the Foreign Service Act; and persons so
5 employed or assigned shall be entitled to the same bene-
6 fits as are provided by section 528 of the Foreign Serv-
7 ice Act for persons appointed to the Foreign Service
8 Reserve; and

9 (2) utilize such authority, including authority to
10 appoint and assign personnel for the duration of opera-
11 tions under this Act, contained in the Foreign Service
12 Act of 1946, as amended (22 U. S. C. 801), as the
13 President deems necessary to carry out functions under
14 this Act. Such provisions of the Foreign Service Act as
15 the President deems appropriate shall apply to person-
16 nel appointed or assigned under this paragraph, includ-
17 ing, in all cases, the provisions of sections 443 and 528
18 of that Act.

19 (d) For the purpose of performing functions under this
20 Act outside the continental limits of the United States, the
21 Secretary of State may, at the request of the Director,
22 appoint for the duration of operations under this Act alien
23 clerks and employees in accordance with applicable pro-
24 visions of the Foreign Service Act of 1946, as amended
25 (22 U. S. C. 801).

1 SEC. 528. DETAIL OF PERSONNEL TO FOREIGN GOV-
 2 ERNMENTS.—(a) Whenever the President determines it to
 3 be consistent with and in furtherance of the purposes of this
 4 Act, the head of any United States Government agency is
 5 authorized to detail or assign any officer or employee of his
 6 agency to any office or position to which no compensation
 7 is attached with any foreign government or foreign gov-
 8 ernment agency: *Provided*, That such acceptance of office
 9 shall in no case involve the taking of an oath of allegiance
 10 to another government.

11 (b) Any such officer or employee, while so assigned
 12 or detailed, shall be considered, for the purpose of preserving
 13 his privileges, rights, seniority, or other benefits as such,
 14 an officer or employee of the Government of the United
 15 States and of the Government agency from which assigned
 16 or detailed, and he shall continue to receive compensation,
 17 allowances, and benefits from funds available to that agency
 18 or made available to that agency out of funds authorized
 19 under this Act.

20 SEC. 529. DETAIL OF PERSONNEL TO INTERNATIONAL
 21 ORGANIZATIONS.—(a) Whenever the President determines
 22 it to be consistent with and in furtherance of the purposes
 23 of this Act, the head of any United States Government
 24 agency is authorized to detail, assign, or otherwise make

1 available to any international organization any officer or
2 employee of his agency to serve with or as a member of
3 the international staff of such organization, or to render
4 any technical, scientific or professional advice or service
5 to or in cooperation with such organization.

6 (b) Any such officer or employee, while so assigned or
7 detailed, shall be considered, for the purpose of preserving
8 his allowances, privileges, rights, seniority and other bene-
9 fits as such, an officer or employee of the Government of
10 the United States and of the Government agency from
11 which detailed or assigned, and he shall continue to receive
12 compensation, allowances, and benefits from funds avail-
13 able to that agency or made available to that agency out
14 of funds authorized under this Act. He may also receive,
15 under such regulations as the President may prescribe,
16 representation allowances similar to those allowed under
17 section 901 of the Foreign Service Act of 1946, as amended
18 (22 U. S. C. 801). The authorization of such allowances
19 and other benefits and the payment thereof out of any
20 appropriations available therefor shall be considered as
21 meeting all the requirements of section 1765 of the Revised
22 Statutes.

23 (c) Details or assignments may be made under this
24 section—

1 (1) without reimbursement to the United States
2 by the international organization;

3 (2) upon agreement by the international organiza-
4 tion to reimburse the United States for compensation,
5 travel expenses, and allowances or any part thereof,
6 payable to such officer or employee during the period of
7 assignment or detail in accordance with subsection (b)-
8 of this section; and such reimbursement shall be credited
9 to the appropriation, fund, or account utilized for paying
10 such compensation, travel expenses, or allowances, or to
11 the appropriation, fund or account currently available for
12 such purposes;

13 (3) upon an advance of funds, property, or services
14 to the United States accepted with the approval of the
15 President for specified uses in furtherance of the purposes
16 of this Act; and funds so advanced may be established as
17 a separate fund in the Treasury of the United States, to
18 be available for the specified uses, and to be used for re-
19 imbursement of appropriations or direct expenditure sub-
20 ject to the provisions of this Act, any unexpended bal-
21 ance of such account to be returned to the international
22 organization; or

23 (4) subject to the receipt by the United States of
24 a credit to be applied against the payment by the United

1 States of its share of the expenses of the international
2 organization to which the officer or employee is detailed,
3 such credit to be based upon the compensation, travel
4 expenses and allowances, or any part thereof, payable to
5 such officer or employee during the period of assignment
6 or detail in accordance with subsection (b) of this
7 section.

8 SEC. 530. EXPERTS AND CONSULTANTS OR ORGANIZA-
9 TIONS THEREOF.—(a) Experts and consultants or organiza-
10 tions thereof, as authorized by section 15 of the Act of Au-
11 gust 2, 1946 (5 U. S. C. 55a), may be employed by any
12 United States Government agency for the performance of
13 functions under this Act, and individuals so employed may
14 be compensated at rates not in excess of \$75 per diem, and
15 while away from their homes or regular places of business,
16 they may be paid actual travel expenses and per diem in lieu
17 of subsistence and other expenses at a rate not to exceed \$10
18 while so employed within the continental limits of the United
19 States and at the applicable rate prescribed in the Standard-
20 ized Government Travel Regulations (Foreign Areas) while
21 so employed outside the continental limits of the United
22 States.

23 (b) Persons of outstanding experience and ability may
24 be employed without compensation by any United States
25 Government agency for the performance of functions under

1 this Act in accordance with the provisions of section 710
2 (b) of the Defense Production Act of 1950, as amended
3 (50 U. S. C. App. 2160); and regulations issued there-
4 under.

5 SEC. 531. SECURITY CLEARANCE.—No citizen or resi-
6 dent of the United States may be employed, or if already
7 employed, may be assigned to duties by the Director under
8 this Act for a period to exceed three months unless—

9 (a) such individual has been investigated as to
10 loyalty and security by the Civil Service Commission, or
11 by the Federal Bureau of Investigation in the case of
12 specific positions which have been certified by the Direc-
13 tor as being of a high degree of importance or sensitivity
14 or in case the Civil Service Commission investigation
15 develops data reflecting that the individual is of ques-
16 tionably loyalty, and a report thereon has been made
17 to the Director, and until the Director has certified in
18 writing (and filed copies thereof with the Senate Com-
19 mittee on Foreign Relations and the House Committee
20 on Foreign Affairs) that, after full consideration of such
21 report, he believes such individual is loyal to the United
22 States, its Constitution, and form of government, and
23 is not now and has never knowingly been a member of
24 any organization advocating contrary views; or

25 (b) such individual has been investigated by a mili-

1 tary intelligence agency and the Secretary of Defense
2 has certified in writing that he believes such individual
3 is loyal to the United States and filed copies thereof with
4 the Senate Committee on Foreign Relations and the
5 House Committee on Foreign Affairs

6 This section shall not apply in the case of any officer
7 appointed by the President by and with the advice and con-
8 sent of the Senate nor shall it apply in the case of any
9 person already employed under programs covered by this
10 Act who has been previously investigated in connection
11 with such employment

12 SEC. 532. EXEMPTION OF PERSONNEL FROM CERTAIN
13 FEDERAL LAWS. Service of an individual as a member
14 of the Board established pursuant to section 307 of this
15 Act or as an expert or consultant under section 530 (a)
16 shall not be considered as service or employment bring-
17 ing such individual within the provisions of title 48, U. S. C.,
18 sections 281, 283 or 284, or of section 190 of the Revised
19 Statutes (5 U. S. C. 99), or of any other Federal law
20 imposing restrictions, requirements, or penalties in relation
21 to the employment of persons; the performance of services;
22 or the payment or receipt of compensation in connection
23 with any claim, proceeding, or matter involving the United
24 States, except insofar as such provisions of law may pro-
25 hibit any such individual from receiving compensation in

1 respect of any particular matter in which such individual
2 was directly involved in the performance of such service;
3 nor shall such service be considered as employment or hold-
4 ing of office or position bringing such individual within the
5 provisions of section 6 of the Act of May 22, 1920, as
6 amended (5 U. S. C. 715), section 212 of the Act of June
7 30, 1932 as amended (5 U. S. C. 59a), or any other Fed-
8 eral law limiting the reemployment of retired officers or
9 employees or governing the simultaneous receipt of compen-
10 sation and retired pay or annuities.

11 (b) Notwithstanding section 2 of the Act of July 31,
12 1894 (5 U. S. C. 62), which prohibits certain retired offi-
13 cers from holding certain office, any retired officer of any of
14 the services mentioned in the Career Compensation Act of
15 1949 may hold any office or appointment under this Act or
16 the Mutual Defense Assistance Control Act of 1951, but the
17 compensation of any such retired officer shall be subject to
18 the provisions of the Act of June 30, 1932 (5 U. S. C.
19 59), which does not permit retired pay to be added to the
20 compensation received as a civilian officer.

21 SEC. 533. REPORTS.—The President, from time to time
22 while funds appropriated for the purpose of this Act con-
23 tinue to be available for obligation, shall transmit to the
24 Congress reports covering each six months of operations, in
25 furtherance of the purposes of this Act, except information

1 the disclosure of which he deems incompatible with the
2 security of the United States. Reports provided for under
3 this section shall be transmitted to the Secretary of the
4 Senate or the Clerk of the House of Representatives, as the
5 case may be, if the Senate or the House of Representatives,
6 as the case may be, is not in session. —Such reports shall
7 include detailed information on the implementation of sections
8 504 and 414 (b) of this Act.

9 SEC. 534. COOPERATION WITH INTERNATIONAL OR-
10 GANIZATIONS.—(a) The President is authorized to request
11 the cooperation of or the use of the services and facilities of
12 the United Nations, its organs and specialized agencies, or
13 other international organizations, in carrying out the pur-
14 poses of this Act and may make payments by advancements
15 or reimbursements, for such purposes, out of funds made
16 available for the purposes of this Act, as may be necessary
17 therefor, to the extent that special compensation is usually
18 required for such services and facilities: *Provided*, That
19 nothing in this section shall be construed to authorize the
20 delegation to any international or foreign organization or
21 agency of authority to decide the method of furnishing assist-
22 ance under this Act to any country or the amount thereof.

23 (b) Whenever the President determines it to be in
24 furtherance of the purposes of this Act, United States
25 Government agencies, on request of international organiza-

1 tions, are authorized to furnish supplies, materials, and serv-
2 ices, on an advance of funds or reimbursement basis, to such
3 organizations. Such advances or reimbursements may be
4 credited to the current applicable appropriation or fund of
5 the agency concerned and shall be available for the purposes
6 for which such appropriations and funds are authorized to be
7 used.

8 CHAPTER 3. REPEAL AND MISCELLANEOUS
9 PROVISIONS

10 SEC. 541. EFFECTIVE DATE.—This Act shall take effect
11 on July 1, 1954.

12 SEC. 542. STATUTES REPEALED.—(a) There are hereby
13 repealed—

14 (1) an Act to provide for assistance to Greece and
15 Turkey, approved May 22, 1947, as amended;

16 (2) the joint resolution to provide for relief assist-
17 ance to the people of countries devastated by war, ap-
18 proved May 31, 1947, as amended;

19 (3) the Foreign Aid Act of 1947;

20 (4) the Foreign Assistance Act of 1948, as
21 amended; including the Economic Cooperation Act of
22 1948, as amended, the International Children's Emer-
23 gency Fund Assistance Act of 1948, as amended, the
24 Greek-Turkish Assistance Act of 1948, and the China
25 Aid Act of 1948, as amended;

1 ~~(5)~~ the Mutual Defense Assistance Act of 1949,
2 as amended;

3 ~~(6)~~ the Foreign Economic Assistance Act of 1950,
4 as amended; including the Economic Cooperation Act
5 of 1950, the China Area Aid Act of 1950, as amended,
6 the United Nations Palestine Refugee Aid Act of 1950,
7 and the Act for International Development, as amended;

8 ~~(7)~~ the Far Eastern Economic Assistance Act of
9 1950, as amended;

10 ~~(8)~~ the Yugoslav Emergency Relief Assistance
11 Act of 1950;

12 ~~(9)~~ the Mutual Security Act of 1951, as amended;

13 ~~(10)~~ the Mutual Security Act of 1952;

14 ~~(11)~~ the Mutual Security Act of 1953;

15 ~~(12)~~ section 12 of the joint resolution of Congress
16 approved November 4, 1939 (54 Stat. 10; 22 U. S. C.
17 452);

18 ~~(13)~~ section 4 of the Act of March 3, 1925 (50
19 Stat. 887; 50 U. S. C. 165); and

20 ~~(14)~~ section 968 of title 18, United States Code.

21 ~~(b)~~ References in other Acts to the Acts listed in sub-
22 section ~~(a)~~ shall hereafter be considered to be references to
23 the appropriate provisions of this Act.

24 ~~(c)~~ The repeal of the Acts listed in subsection ~~(a)~~

1 shall not be deemed to affect amendments contained in such
2 Acts to Acts not named in subsection (a).

3 SEC. 543. SAVING PROVISIONS.—

4 (a) Except as may be expressly provided to the con-
5 trary in this Act, all determinations, authorizations, regula-
6 tions, orders, contracts, agreements, and other actions is-
7 sued, undertaken or entered into under authority of any
8 provision of law repealed by section 542 shall continue in
9 full force and effect until modified by appropriate authority.

10 (b) Where provisions of this Act establish conditions
11 which must be complied with before use may be made of au-
12 thority contained in or funds authorized by this Act, com-
13 pliance with substantially similar conditions under Acts
14 named in section 542 shall be deemed to constitute compli-
15 ance with the conditions established by this Act.

16 (c) No person in the service or employment of the
17 United States or otherwise performing functions under an
18 Act repealed by section 542 or under section 408 shall be
19 required to be reappointed or reemployed by reason of the
20 entry into force of this Act, except that appointments made
21 pursuant to section 110 (a) (2) of the Economic Coopera-
22 tion Act of 1948, as amended, shall be converted to appoint-
23 ments under section 527 (e) of this Act.

24 SEC. 544. AMENDMENTS TO OTHER LAWS.—(a) Title

1 X of the United States Information and Educational Ex-
2 change Act of 1948, as amended (22 U. S. C. 1431), is
3 amended by adding the following new section:

4 "INFORMATIONAL MEDIA GUARANTIES

5 "SEC. 1011. The Director of the United States Infor-
6 mation Agency may make guaranties, in accordance with
7 the provisions of subsection (b) of section 414 of the Mutual
8 Security Act of 1954, of investments in enterprises producing
9 or distributing informational media consistent with the na-
10 tional interests of the United States against funds heretofore
11 made available by notes issued to the Secretary of the Treas-
12 ury pursuant to section 111 (c) (2) of the Economic Co-
13 operation Act of 1948, as amended, for purposes of guaranties
14 of investments: *Provided, however,* That the amount of such
15 guaranties in any fiscal year shall be determined by the
16 President but shall not exceed \$10,000,000."

17 (b) Section 1 of Public Law 283, Eighty-first Congress,
18 is repealed. The Institute of Inter-American Affairs, cre-
19 ated pursuant to Public Law 369, Eightieth Congress (22
20 U. S. C. 281), shall have succession until June 30, 1960,
21 and may make contracts for periods not to exceed five
22 years: *Provided,* That any contract extending beyond June
23 30, 1960, shall be made subject to termination by the said
24 Institute upon notice: *And provided further,* That the said
25 Institute shall, on and after July 1, 1954, be subject to the

1 applicable provisions of the Budget and Accounting Act,
2 1921, as amended (31 U. S. C. 1), in lieu of the provisions
3 of the Government Corporation Control Act, as amended
4 (31 U. S. C. 841).

5 SEC. 545. DEFINITIONS.—For the purposes of this Act—

6 (a) The term “commodity” includes any commodity,
7 material, article, supply, or goods.

8 (b) The term “surplus agricultural commodity” means
9 any agricultural commodity or product thereof, class, kind,
10 type, or other specification thereof, produced in the United
11 States either publicly or privately owned, which is in excess
12 of domestic requirements, adequate carryover, and antici-
13 pated exports for dollars, as determined by the Secretary of
14 Agriculture.

15 (c) The terms “equipment” and “materials” shall mean
16 any arms, ammunition, or implements of war, or any other
17 type of material, article, raw material, facility, tool, ma-
18 chine, supply or item that would further the purpose of
19 chapter 1 of title I, or any component or part thereof, used
20 or required for use in connection therewith, or required
21 in or for the manufacture, production, processing, storage,
22 transportation, repair, or rehabilitation of any equipment
23 or materials; but shall not include merchant vessels.

24 (d) The term “mobilization reserve”, as used with re-
25 spect to any equipment or materials, means the quantity of

1 such equipment or materials determined by the Secretary of
2 Defense under regulations prescribed by the President to be
3 required to support mobilization of the Armed Forces of the
4 United States in the event of war or national emergency
5 until such time as adequate additional quantities of such
6 equipment or materials can be procured.

7 (e) The term "excess", as used with respect to any
8 equipment or materials, means the quantity of such equip-
9 ment or materials owned by the United States which is
10 in excess of the mobilization reserve of such equipment or
11 materials.

12 (f) The term "services" shall include any service,
13 repair, training of personnel, or technical or other assist-
14 ance or information necessary to effectuate the purposes
15 of this Act.

16 (g) The term "Armed Forces of the United States"
17 shall include any component of the Army of the United
18 States, of the United States Navy, of the United States
19 Marine Corps, of the Air Force of the United States, of the
20 United States Coast Guard, and the Reserve components
21 thereof.

22 (h) The term "value" means—

23 (1) with respect to any excess equipment or mate-
24 rials furnished under chapter 1 of title I, the gross cost

1 of repairing, rehabilitating, or modifying such equip-
2 ment or materials prior to being so furnished;

3 ~~(2)~~ with respect to any nonexcess equipment or
4 materials furnished under chapter 1 of title I which are
5 taken from the mobilization reserve (other than equip-
6 ment or materials referred to in paragraph ~~(3)~~ of this
7 subsection), the actual or the projected (computed as
8 accurately as practicable) cost of procuring for the mo-
9 bilization reserve an equal quantity of such equipment
10 or materials or an equivalent quantity of equipment or
11 materials of the same general type but deemed to be
12 more desirable for inclusion in the mobilization reserve
13 than the equipment or materials furnished:

14 ~~(3)~~ with respect to any nonexcess equipment or
15 materials furnished under chapter 1 of title I which are
16 taken from the mobilization reserve but with respect to
17 which the Secretary of Defense has certified that it is
18 not necessary fully to replace such equipment or mate-
19 rials in the mobilization reserve, the gross cost to the
20 United States of such equipment and materials or its
21 replacement cost, whichever the Secretary of Defense
22 may specify; and

23 ~~(4)~~ with respect to any equipment or materials
24 furnished under chapter 1 of title I which are procured

1 for the purpose of being so furnished, the gross cost to
2 the United States of such equipment and materials.

3 In determining the gross cost incurred by any agency in
4 repairing, rehabilitating, or modifying any excess equip-
5 ment furnished under chapter 1 of title I, all parts, acces-
6 series, or other materials used in the course of repair, re-
7 habilitation, or modification shall be priced in accordance
8 with the current standard pricing policies of such agency.
9 For the purpose of this subsection, the gross cost of any
10 equipment or materials taken from the mobilization reserve
11 means either the actual gross cost to the United States of
12 that particular equipment or materials or the estimated
13 gross cost to the United States of that particular equip-
14 ment or materials obtained by multiplying the number of
15 units of such particular equipment or materials by the
16 average gross cost of each unit of that equipment and
17 materials owned by the furnishing agency.

18 (i) The term "United States Government agency"
19 means any department, agency, board, wholly or partly
20 owned corporation, or instrumentality, commission, or estab-
21 lishment of the United States Government.

22 SEC. 546. CONSTRUCTION.—(a) If any provision of
23 this Act or the application of any provision to any circum-
24 stances or persons shall be held invalid, the validity of the
25 remainder of the Act and applicability of such provision

1 to other circumstances or persons shall not be affected
2 thereby.

3 ~~(b)~~ Nothing in this Act shall alter, amend, revoke,
4 repeal, or otherwise affect the provisions of the Atomic
5 Energy Act of 1946, as amended (42 U. S. C. 1801).

6 ~~(c)~~ Nothing in this Act is intended nor shall it be
7 construed as an expressed or implied commitment to pro-
8 vide any specific assistance, whether of funds, commodi-
9 ties, or services, to any nation or nations, or to any inter-
10 national organization.

11 *That this Act may be cited as the "Mutual Security Act*
12 *of 1954".*

13 *TITLE I—MUTUAL DEFENSE ASSISTANCE*

14 *CHAPTER 1. MILITARY ASSISTANCE*

15 *SEC. 101. PURPOSE OF CHAPTER.—The Congress of*
16 *the United States reaffirms the policy of the United States*
17 *to achieve international peace and security through the*
18 *United Nations so that armed force shall not be used ex-*
19 *cept in the common defense. The Congress hereby finds*
20 *that the efforts of the United States and other nations to*
21 *promote peace and security require additional measures of*
22 *support based upon the principle of continuous and effec-*
23 *tive self-help and mutual aid. It is the purpose of this*
24 *chapter to authorize measures in the common defense, in-*

1 cluding the furnishing of military assistance to friendly
2 nations and international organizations in order to pro-
3 mote the foreign policy, security, and general welfare of
4 the United States and to facilitate the effective participa-
5 tion of such nations in arrangements for individual and
6 collective self-defense. In furnishing such military assist-
7 ance, it remains the policy of the United States to con-
8 tinue to exert maximum efforts to achieve universal control
9 of weapons of mass destruction and universal regulation
10 and reduction of armaments, including armed forces, under
11 adequate safeguards to protect complying nations against
12 violation and evasion.

13 The Congress reaffirms its previous expressions favor-
14 ing the creation by the free peoples of the Far East and
15 the Pacific of a joint organization, consistent with the
16 Charter of the United Nations, to establish a program of
17 self-help and mutual cooperation designed to develop their
18 economic and social well-being, to safeguard basic rights and
19 liberties and to protect their security and independence.

20 The Congress hereby reiterates its opposition to the seat-
21 ing in the United Nations of the Communist China regime
22 as the representative of China. In the event of the seating
23 of representatives of the Chinese Communist regime in the
24 Security Council or General Assembly of the United Nations,
25 the President is requested to inform the Congress insofar as is

1 *compatible with the requirements of national security, of the*
2 *implications of this action upon the foreign policy of the*
3 *United States and our foreign relationships, including that*
4 *created by membership in the United Nations, together with*
5 *any recommendations which he may have with respect to the*
6 *matter.*

7 *SEC. 102. GENERAL AUTHORITY.—Military assistance*
8 *may be furnished under this chapter on a grant or loan*
9 *basis and upon such other appropriate terms as may be*
10 *agreed upon, by the procurement from any source and the*
11 *transfer to eligible nations and international organizations of*
12 *equipment, materials, and services or by the provision of any*
13 *service, including the assignment or detail of members of*
14 *the Armed Forces and other personnel of the Department*
15 *of Defense solely to assist in an advisory capacity or to per-*
16 *form other duties of a noncombatant nature, including mili-*
17 *tary training or advice.*

18 *SEC. 103. AUTHORIZATIONS.—(a) There is hereby*
19 *authorized to be appropriated to the President, in addition*
20 *to appropriations authorized by sections 104 and 105, not*
21 *to exceed \$1,265,300,000, to carry out the purpose of this*
22 *chapter; and, in addition, unexpended balances of appropria-*
23 *tions for military assistance under each paragraph of the*
24 *Mutual Security Appropriation Act, 1954 (except the ap-*
25 *propriation for mutual special weapons planning), are hereby*

1 authorized to be continued available for the purpose of this
2 chapter and to be consolidated with the appropriation
3 authorized by his subsection; all of which is hereby author-
4 ized to be continued available through June 30, 1955.

5 (b) Funds made available pursuant to subsection (a)
6 of this section shall be available for the administrative and
7 operating expenses of carrying out the purpose of this
8 chapter including expenses incident to United States partici-
9 pation in international security organizations.

10 (c) Funds made available pursuant to subsection (a)
11 of this section may be used for the procurement of equip-
12 ment or materials outside the United States unless the
13 President determines that such procurement will result in
14 one or more of the following conditions:

15 (1) Adverse effects upon the economy of the United
16 States, with special reference to any areas of labor sur-
17 plus, or upon the industrial mobilization base, which
18 outweigh the strategic and logistic advantages to the
19 United States of procurement abroad;

20 (2) Production of such equipment or materials
21 outside the United States under inadequate safeguards
22 against sabotage or the release to potential enemies
23 of information detrimental to the security of the United
24 States;

1 (3) *Unjustifiable cost in comparison with procure-*
2 *ment in the United States, taking into account trans-*
3 *portation costs for delivery overseas; and*

4 (4) *Delays in delivery incompatible with United*
5 *States defense objectives.*

6 SEC. 104. INFRASTRUCTURE.—(a) *The President is*
7 *authorized to make contributions to infrastructure programs*
8 *of the North Atlantic Treaty Organization, in accordance*
9 *with agreements already made between the member nations,*
10 *out of funds made available pursuant to this section, or*
11 *section 103, or chapter IX of the Supplemental Appro-*
12 *priation Act, 1953, of amounts totaling not more than*
13 *\$780,000,000, less amounts already contributed for such*
14 *purpose. There is hereby authorized to be appropriated*
15 *to the President for such purpose, in installments prior to*
16 *June 30, 1958, not to exceed \$321,000,000, to remain*
17 *available until expended. Such contributions by the United*
18 *States shall not exceed its proportionate share, as hereto-*
19 *fore agreed upon, of the expenses of such programs.*

20 (b) *When the President determines that it is in the*
21 *interest of the security of the United States to participate*
22 *in programs for the acquisition or construction of facili-*
23 *ties in foreign nations for collective defense other than pro-*
24 *grams of the North Atlantic Treaty Organization, he may*

1 use for such purpose funds made available under section 103
2 or local currencies made available under section 402 in
3 amounts totaling not more than \$50,000,000.

4 (c) Notwithstanding section 501 of this Act, no funds
5 other than those referred to in subsections (a) and (b)
6 of this section may be expended for the purposes of this
7 section. No funds shall be expended under this section for
8 rental or purchase of land or for payment of taxes.

9 SEC. 105. DEVELOPMENT OF WEAPONS OF ADVANCED
10 DESIGN.—There is hereby authorized to be appropriated to
11 the President not to exceed \$27,000,000, to remain available
12 until expended, for the purpose of encouraging and expedit-
13 ing the development of weapons of advanced design by
14 nations or international organizations eligible to receive
15 military assistance under this chapter. Notwithstanding any
16 other provision of this Act, funds made available pursuant to
17 this section may be used only for the purpose of this section.
18 In addition, the unexpended balance of the prior appropria-
19 tion made pursuant to section 542 of the Mutual Security
20 Act of 1951, as amended, is authorized to be continued avail-
21 able for the purpose of this section until expended and to be
22 consolidated with the appropriation authorized by this section.

23 SEC. 106. CONDITIONS APPLICABLE TO MILITARY
24 ASSISTANCE.—(a) Military assistance may be furnished
25 with funds appropriated under this chapter to any nation

1 *whose increased ability to defend itself the President shall*
2 *have determined to be important to the security of the*
3 *United States and which is otherwise eligible to receive such*
4 *assistance. Equipment and materials so furnished shall be*
5 *made available solely to maintain the internal security and*
6 *legitimate self-defense of the recipient nation, or to permit*
7 *it to participate in the defense of its area or in collective*
8 *security arrangements and measures consistent with the Char-*
9 *ter of the United Nations. The President shall be satisfied*
10 *that such equipment and materials will not be used to under-*
11 *take any act of aggression against any nation.*

12 *(b) In addition to the authority and limitations con-*
13 *tained in the preceding subsection, the following provisions*
14 *shall apply to particular areas:*

15 *(1) In order to promote an integrated defense of the*
16 *North Atlantic area and to support concrete measures for*
17 *political federation, military integration, and economic*
18 *unification in Europe, equipment and materials of the value*
19 *programed and obligated for fiscal years 1954 and 1955 for*
20 *nations signing the treaty constituting the European Defense*
21 *Community shall, pending the coming into force of the treaty,*
22 *be delivered only to such of these nations as have ratified the*
23 *treaty, and have joined together in or are developing collec-*
24 *tive defense programs in a manner satisfactory to the United*
25 *States as determined by the President.*

1 (2) *Military assistance furnished to any nation in the*
2 *Near East, Africa, and South Asia to permit it to partici-*
3 *pate in the defense of its area shall be furnished only in*
4 *accordance with plans and arrangements which shall have*
5 *been found by the President to require the recipient nation*
6 *to take an important part therein.*

7 (3) *In furnishing military assistance in the Far East*
8 *and the Pacific and in carrying out the provisions of section*
9 *121 of this Act, the President shall give the fullest assistance*
10 *to the free peoples in that area, in their creation of a joint or-*
11 *ganization, consistent with the Charter of the United Na-*
12 *tions, to establish a program of self-help and mutual coop-*
13 *eration designed to develop their economic and social well-*
14 *being, to safeguard basic rights and liberties, and to protect*
15 *their security and independence.*

16 (4) *Military assistance may be furnished to the other*
17 *American Republics only in accordance with defense plans*
18 *which shall have been found by the President to require*
19 *the recipient nation to participate in missions important to*
20 *the defense of the Western Hemisphere.*

21 (c) *The Secretary of Defense shall insure that the value*
22 *(as determined pursuant to section 545) of equipment, ma-*
23 *terials, and services heretofore furnished under military as-*
24 *sistance programs authorized by Acts repealed by this Act or*
25 *hereafter furnished pursuant to section 103 (a) to nations*

1 or organizations in each of the four areas named in this sub-
2 section shall not exceed the total of the funds heretofore
3 made available for military assistance in that area pursuant
4 to Acts repealed by this Act plus the amount herein speci-
5 fied for that area:

6 (1) In the European area (excluding Greece and Tur-
7 key), \$617,500,000.

8 (2) In the Near East (including Greece and Turkey),
9 Africa, and South Asia, \$181,200,000.

10 (3) In the Far East and the Pacific, \$583,600,000.

11 (4) In the Western Hemisphere, \$13,000,000.

12 (d) Whenever the President determines it to be nec-
13 essary for the purpose of this title, equipment, materials,
14 and services of a value not to exceed 15 per centum of
15 the sum of (1) that portion of the unexpended balances re-
16 ferred to in section 103 (a) which was available on June 30,
17 1954, to furnish assistance in any of the areas named in sub-
18 section (c) of this section, and (2) the amount specified in
19 the applicable paragraph of subsection (c) of this section for
20 additional assistance in such area, may be furnished in any
21 other such area or areas, notwithstanding the limitations set
22 forth in subsection (c) of this section. Funds heretofore ob-
23 ligated or programed or hereafter made available solely for
24 the purpose of section 104 (pertaining to infrastructure) or
25 section 105 (pertaining to the development of weapons of

1 advanced design) shall not be included in the total fixed for
2 each such area. Funds heretofore appropriated for military
3 assistance in a particular geographic area but transferred
4 from such use under section 513 of the Mutual Security Act
5 of 1951, as amended, or under section 408 (c) of the Mutual
6 Defense Assistance Act, shall be included in the total for the
7 area for the benefit of which such transfer was made, and not
8 in the total for the area from which the transfer was made.

9 SEC. 107. SALE OF MILITARY EQUIPMENT, MATE-
10 RIALS, AND SERVICES.—(a) The President may, in order
11 to carry out the purpose of this chapter, sell or enter into
12 contracts (without requirement for charge to any appro-
13 priation or contract authorization) for the procurement for
14 sale of equipment, materials, or services to any nation
15 or international organization: Provided, That prior to the
16 transfer of any such equipment, materials, or services to
17 any nation which has not signed an agreement under
18 section 142 of this Act or joined with the United States
19 in a regional collective defense arrangement, the President
20 shall have received commitments satisfactory to him that
21 such equipment, materials, or services are required for and
22 will be used by such nation solely to maintain its inter-
23 nal security, its legitimate self-defense, or to permit it to
24 participate in the defense of the area of which it is a
25 part, or in collective security arrangements and measures

1 *consistent with the Charter of the United Nations, and that*
2 *it will not undertake any act of aggression against any other*
3 *state.*

4 *(b) Whenever equipment or materials are sold from*
5 *the stocks of or services are rendered by any United States*
6 *Government agency to any nation or international organi-*
7 *zation as provided in subsection (a), such nation or inter-*
8 *national organization shall first make available the fair value,*
9 *as determined by the President, of such equipment, materials,*
10 *or services before delivery or, when the President determines*
11 *it to be in the best interests of the United States, within sixty*
12 *days thereafter or, as determined by the President, within*
13 *a reasonable period not to exceed three years. The fair value*
14 *for the purpose of this subsection shall not be less than the*
15 *value as defined in subsection (h) of section 545: Provided,*
16 *That with respect to excess equipment or materials the fair*
17 *value may not be determined to be less than (i) the mini-*
18 *mun value specified in that subsection plus the scrap value,*
19 *or (ii) the market value, if ascertainable, whichever is the*
20 *greater. Before a contract for new production is entered*
21 *into, or rehabilitation work is undertaken, such nation or*
22 *international organization shall (A) provide the United*
23 *States with a dependable undertaking to pay the full amount*
24 *of such contract or the cost of such rehabilitation which will*
25 *assure the United States against any loss on the contract or*

1 *rehabilitation work, and (B) shall make funds available in*
2 *such amounts and at such times as may be necessary to meet*
3 *the payments required by the contract or the rehabilitation*
4 *work in advance of the time such payments are due, in*
5 *addition to the estimated amount of any damages and costs*
6 *that may accrue from the cancellation of such contract or*
7 *rehabilitation work.*

8 *(c) Sections 106, 141, and 142 shall not apply with*
9 *respect to assistance furnished under this section.*

10 *SEC. 108. WAIVERS OF LAW.—(a) The President may*
11 *perform any of the functions authorized under this chapter*
12 *without regard to (1) the provisions of title 10, United*
13 *States Code, section 1262 (a), and title 34, United States*
14 *Code, section 546 (e); and (2) such provisions as he may*
15 *specify of the joint resolution of November 4, 1939 (54*
16 *Stat. 4), as amended.*

17 *(b) Notwithstanding the provisions of Revised Statutes*
18 *1222 (10 U. S. C. 576), personnel of the Department of*
19 *Defense may be assigned or detailed to any civil office for the*
20 *purpose of enabling the President to furnish assistance under*
21 *this Act.*

22 *SEC. 109. TRANSFER OF MILITARY EQUIPMENT TO*
23 *JAPAN.—In addition to any program of military assistance*
24 *for which funds may be appropriated pursuant to this Act,*
25 *the President is hereby authorized to transfer to the Govern-*

1 *ment of Japan, until June 30, 1955, upon such terms and*
2 *conditions as he may specify, and upon its request, United*
3 *States military equipment and supplies programed for Japan*
4 *to meet its internal security requirements for which Depart-*
5 *ment of Defense appropriations were obligated prior to July*
6 *1, 1953. No appropriation shall be requested to replace the*
7 *military equipment and supplies so transferred, and no funds*
8 *heretofore or hereafter appropriated for the purpose of this*
9 *chapter shall be available for reimbursement to any United*
10 *States Government agency on account of any transfer made*
11 *pursuant to this section.*

12 *CHAPTER 2—SOUTHEAST ASIA AND THE WESTERN*
13 *PACIFIC, AND DIRECT FORCES SUPPORT*

14 *SEC. 121. SOUTHEAST ASIA AND THE WESTERN*
15 *PACIFIC.—There is hereby authorized to be appropriated to*
16 *the President for the fiscal year 1955, to be made available*
17 *on such terms and conditions, including transfer of funds,*
18 *as he may specify, not to exceed \$712,000,000 for expenses*
19 *necessary for the support of the forces of countries in the*
20 *area of Southeast Asia, including the Associated States of*
21 *Cambodia, Laos, and Vietnam and the forces of free*
22 *nations in the area including those of France located in*
23 *such Associated States and for other expenditures to*
24 *accomplish in Southeast Asia and the Western Pacific*
25 *the policies and purposes declared in this Act. In*

1 addition, the unexpended balances of funds allocated from
2 appropriations made pursuant to sections 304 and 540 of the
3 Mutual Security Act of 1951, as amended, for the purpose
4 of support of the forces of the Associated States of Cam-
5 bodia, Laos, and Vietnam and the forces of France located
6 in the Associated States, are hereby authorized to be con-
7 tinued available for the purpose of this section through
8 June 30, 1955, and to be consolidated with the appropria-
9 tion authorized by this section. Assistance under this section
10 shall be made available subject to the provisions of sections
11 141 and 142, except that in individual cases, the President
12 may waive specific provisions of section 142 to the extent
13 he may deem necessary in the national interest to carry out
14 the purposes of this Act. The President or such officer as
15 he may designate shall report each instance of such waiver
16 to the Foreign Relations, Appropriations, and Armed Serv-
17 ices Committees of the Senate and the Foreign Affairs,
18 Appropriations, and Armed Services Committees of the
19 House of Representatives within thirty days.

20 It is the sense of the Congress that no part of the funds
21 appropriated under this section shall be used on behalf of
22 governments which are committed by treaty to maintain
23 Communist rule over any defined territory of Asia.

24 SEC. 122. PRODUCTION FOR FORCES SUPPORT.—There
25 is hereby authorized to be appropriated to the President for

1 *the fiscal year 1955, to be made available on such terms and*
2 *conditions, including transfer of funds, as he may specify,*
3 *not to exceed \$70,000,000 for manufacture in the United*
4 *Kingdom of military aircraft required by United Kingdom*
5 *forces for the defense of the North Atlantic area. In addi-*
6 *tion, unexpended balances of appropriations made pursuant*
7 *to section 102 of the Mutual Security Act of 1951, as*
8 *amended, are hereby authorized to be continued available*
9 *for their original purposes through June 30, 1955, and the*
10 *unexpended balance of the appropriation made pursuant to*
11 *the second clause of that section is authorized to be con-*
12 *solidated with the appropriation authorized by this section.*

13 *SEC. 123. COMMON USE ITEMS.—There is hereby*
14 *authorized to be appropriated to the President for the*
15 *fiscal year 1955 not to exceed \$64,000,000 for the provi-*
16 *sion of any common-use equipment, materials, commodi-*
17 *ties, or services which are to be used by military forces*
18 *of nations receiving assistance under chapter 1 of this*
19 *title. Programs authorized by this section shall be admin-*
20 *istered in accordance with the provisions of chapter 1 or*
21 *chapter 3 of this title.*

22 *CHAPTER 3—DEFENSE SUPPORT*

23 *SEC. 131. GENERAL AUTHORITY.—(a) The President*
24 *is hereby authorized to furnish commodities, services, and*
25 *financial and other assistance designed to sustain and in-*

1 crease military effort. In furnishing such assistance, the
2 President may provide for the procurement and transfer
3 from any source of any commodity or service (including
4 processing, storing, transporting, marine insurance, and re-
5 pairing) or any technical information and assistance.

6 (b) There is hereby authorized to be appropriated to
7 the President for the fiscal year 1955 to carry out the
8 provisions of this section, not to exceed—

9 (1) \$71,000,000 for Europe (excluding Greece
10 and Turkey);

11 (2) \$73,000,000 for the Near East (including
12 Greece and Turkey), Africa, and South Asia; and

13 (3) \$86,230,195 for the Far East and the Pacific.

14 In addition, unexpended balances of appropriations hereto-
15 fore made pursuant to section 541 of the Mutual Security
16 Act of 1951, as amended, are hereby authorized to be con-
17 tinued available for the purpose of this subsection through
18 June 30, 1955, and to be consolidated with the appropriation
19 authorized for the same area by this subsection: Provided,
20 That portions of such unexpended balances which have been
21 allocated to assistance for Greece and Turkey shall be con-
22 solidated with the appropriation authorized by paragraph
23 (2) of this subsection.

24 SEC. 132. KOREAN PROGRAM.—(a) There is hereby
25 authorized to be appropriated to the President for the fiscal

1 year 1955 not to exceed \$205,000,000 to be expended, upon
2 terms and conditions specified by the President, for defense
3 support, relief and rehabilitation, and other necessary assist-
4 ance (including payment of ocean freight charges on ship-
5 ments for relief and rehabilitation, without regard to section
6 409 of this Act) in those parts of Korea which the President
7 shall have determined to be not under Communist control.
8 In addition, unexpended balances of funds heretofore allo-
9 cated for the purpose of relief and rehabilitation in Korea
10 pursuant to the paragraph entitled "Relief and Rehabilitation
11 in Korea", chapter VII, Supplemental Appropriation Act,
12 1954, and unobligated balances of the appropriation for
13 "Civilian Relief in Korea," title III, Department of Defense
14 Appropriation Act, 1954, are hereby authorized to be con-
15 tinued available for the purposes of this subsection through
16 June 30, 1955, and to be consolidated with the appropria-
17 tion authorized by this subsection.

18 (b) (1) Notwithstanding the provisions of any other
19 law, the President is authorized, at any time prior to twenty-
20 four months from the date of enactment of this Act, to
21 transfer to the Republic of Korea, by sale or charter and on
22 such terms and conditions as he may specify, not more than
23 eight CI-M-AVI vessels. Any agency of the United States
24 Government owning or operating such vessels is authorized

1 to make such vessels available for the purpose of this sub-
2 section. Funds made available pursuant to subsection (a)
3 of this section shall be available for the purpose of this sub-
4 section. Transfers under authority of this subsection shall
5 be subject to an agreement by the Republic of Korea that such
6 vessels shall be operated only in East Asian waters.

7 (2) Such transfers shall be made at prices determined
8 under section 3 of the Merchant Ship Sales Act of 1946 (50
9 U. S. C., App. 1736): Provided, That such vessels shall
10 be placed in class in accordance with minimum requirements
11 of the American Bureau of Shipping by the owning or oper-
12 ating agency, and the expense of placing in class shall be
13 reimbursed to such agency.

14 (c) There is hereby authorized to be appropriated for
15 the fiscal year 1955 not to exceed \$3,452,615 for making
16 contributions to the United Nations Korean Reconstruction
17 Agency or expenditure through such other agency for relief
18 and rehabilitation in Korea as the President may direct. In
19 addition, the unexpended balance of the appropriation made
20 pursuant to the last sentence of section 303 (a) of the Mutual
21 Security Act of 1951, as amended, is hereby authorized to be
22 continued available for the purpose of this subsection through
23 June 30, 1955, and to be consolidated with the appropria-
24 tion authorized by this subsection. Sections 141 and 142 of

1 *this Act shall not apply with respect to assistance furnished*
2 *under this subsection.*

3 *(d) To the extent necessary to accomplish the purposes*
4 *of this section (1) assistance may be furnished under this*
5 *section without regard to the other provisions of this title and*
6 *(2) the authority provided in section 307 may be exercised*
7 *in furnishing assistance under subsection (a) of this section.*

8 *CHAPTER 4—GENERAL PROVISIONS RELATING TO*
9 *MUTUAL DEFENSE ASSISTANCE*

10 *SEC. 141. CONDITIONS OF ELIGIBILITY FOR ASSIST-*
11 *ANCE.—No assistance shall be furnished under this title to*
12 *any nation or organization unless the President shall have*
13 *found that furnishing such assistance will strengthen the*
14 *security of the United States and promote world peace. No*
15 *such assistance shall be furnished to a nation unless it shall*
16 *have agreed to the provisions required by section 142, and*
17 *such additional provisions as the President deems necessary*
18 *to effectuate the policies and provisions of this title and to*
19 *safeguard the interests of the United States.*

20 *SEC. 142. AGREEMENTS.—No assistance shall be fur-*
21 *nished to any nation under this title unless such nation shall*
22 *have agreed to—*

23 *(1) join in promoting international understanding*
24 *and good will, and maintaining world peace;*

1 (2) take such action as may be mutually agreed
2 upon to eliminate causes of international tension;

3 (3) fulfill the military obligations, if any, which
4 it has assumed under multilateral or bilateral agree-
5 ments or treaties to which the United States is a party;

6 (4) make, consistent with its political and eco-
7 nomic stability, the full contribution permitted by its
8 manpower, resources, facilities, and general economic
9 condition to the development and maintenance of its own
10 defensive strength and the defensive strength of the free
11 world;

12 (5) take all reasonable measures which may be
13 needed to develop its defense capacities;

14 (6) take appropriate steps to insure the effective
15 utilization of the assistance furnished under this title in
16 furtherance of the policies and purposes of this title;

17 (7) impose appropriate restrictions against trans-
18 fer of title to or possession of any equipment and mate-
19 rials, information, or services furnished under chapter 1
20 of this title, without the consent of the President;

21 (8) maintain the security of any article, service,
22 or information furnished under chapter 1 of this title;

23 (9) furnish equipment and materials, services, or
24 other assistance consistent with the Charter of the United
25 Nations, to the United States or to and among other

1 *nations to further the policies and purpose of chapter 1*
2 *of this title;*

3 *(10) permit continuous observation and review*
4 *by United States representatives of programs of as-*
5 *sistance authorized under this title, including the uti-*
6 *lization of any such assistance, or provide the United*
7 *States with full and complete information with re-*
8 *spect to these matters, as the President may require;*
9 *and*

10 *(11) in cases where any commodity is furnished*
11 *on a grant basis under any provision of this Act other*
12 *than chapter 1 of title I under arrangements which will*
13 *result in the accrual of proceeds to the recipient nation*
14 *from the import or sale thereof, establish a Special*
15 *Account, and—*

16 *(i) deposit in the Special Account, under such*
17 *terms and conditions as may be agreed upon, cur-*
18 *rency of the recipient nation in amounts equal to*
19 *such proceeds;*

20 *(ii) make available to the United States such*
21 *portion of the Special Account as may be mutually*
22 *agreed for the requirements of the United States; and*

23 *(iii) utilize the remainder of the Special Ac-*
24 *count for programs agreed to by the United States*
25 *to carry out the purposes for which new funds*

1 *authorized by this Act would themselves be avail-*
2 *able.*

3 *Any unencumbered balances of funds deposited in the*
4 *Special Account after the effective date of this Act*
5 *which remain in the Account upon termination of assist-*
6 *ance to such nation under this title shall be disposed of*
7 *for such purposes as may, subject to approval by Act or*
8 *joint resolution of the Congress, be agreed to between such*
9 *country and the Government of the United States.*

10 *SEC. 143. IRISH COUNTERPART.—Pursuant to section*
11 *115 (b) (6) of the Economic Cooperation Act of 1948, as*
12 *amended, the disposition within Ireland of the unencum-*
13 *bered balance, in the amount of approximately 6,000,000*
14 *Irish pounds, of the special account of Irish funds established*
15 *under article IV of the Economic Cooperation Agreement*
16 *between the United States of America and Ireland, dated*
17 *June 28, 1948, for the purposes of—*

18 *(1) scholarship exchange between the United States*
19 *and Ireland;*

20 *(2) other programs and projects (including the*
21 *establishment of an Agricultural Institute) to improve*
22 *and develop the agricultural production and marketing*
23 *potential of Ireland and to increase the production and*
24 *efficiency of Irish industry; and*

1 (3) development programs and projects in aid of
2 the foregoing objectives,
3 is hereby approved, as provided in the agreement between
4 the Government of the United States of America and the
5 Government of Ireland, dated June 17, 1954.

6 **TITLE II—DEVELOPMENT ASSISTANCE**

7 **SEC. 201. AUTHORIZATION.**—(a) There is hereby
8 authorized to be appropriated to the President for the fiscal
9 year 1955, not to exceed—

10 (1) \$115,000,000 for assistance designed to pro-
11 mote the economic development of the Near East and
12 Africa, and for other types of assistance designed to
13 help maintain economic and political stability in the
14 area;

15 (2) \$76,000,000 for assistance designed to pro-
16 mote the economic development of South Asia and to
17 assist in maintaining economic and political stability in
18 the area; and

19 (3) \$9,000,000 for assistance designed to promote
20 economic development in the other American Republics
21 and non-self-governing territories of the Western
22 Hemisphere.

23 Such assistance may be furnished on such terms and con-
24 ditions as the President may specify.

1 (b) In addition, unexpended balances of appropria-
2 tions heretofore made pursuant to sections 206 and 302
3 (b) of the Mutual Security Act of 1951, as amended, and
4 unexpended balances of funds allocated to the emergency
5 economic aid program for Bolivia are hereby authorized
6 to be continued available for the purposes of this section
7 through June 30, 1955, and to be consolidated with the
8 appropriations authorized by paragraphs (1), (2), and (3)
9 of subsection (a) of this section, respectively.

10 SEC. 202. ADMINISTRATION.—Except as necessary to
11 accomplish the purposes of section 201, programs of assist-
12 ance authorized by that section shall be administered in
13 accordance with sections 303, 307 and 308 (relating to
14 technical cooperation).

15 TITLE III—TECHNICAL COOPERATION

16 SEC. 301. DECLARATION OF PURPOSE.—It is the pol-
17 icy of the United States and the purpose of this title to aid
18 the efforts of the peoples of economically underdeveloped
19 areas to develop their resources and improve their working
20 and living conditions by encouraging the exchange of tech-
21 nical knowledge and skills and the flow of investment capital
22 to countries which provide conditions under which such
23 technical assistance and capital can effectively and con-
24 structively contribute to raising standards of living, creating

1 new sources of wealth, increasing productivity and expand-
2 ing purchasing power.

3 *SEC. 302. GENERAL AUTHORITY AND DEFINITION.—*

4 *The President is authorized to furnish assistance in accord-*
5 *ance with the provisions of this title, through bilateral*
6 *technical cooperation programs. As used in this title, the*
7 *term “technical cooperation programs” means programs for*
8 *the international interchange of technical knowledge and*
9 *skills designed to contribute primarily to the balanced and*
10 *integrated development of the economic resources and pro-*
11 *ductive capacities of economically underdeveloped areas.*
12 *Such activities may include, but need not be limited to,*
13 *economic, engineering, medical, educational, agricultural,*
14 *forestry, fishery, mineral, and fiscal surveys; demonstration,*
15 *training, and similar projects that serve the purpose of*
16 *promoting the development of economic resources, productive*
17 *capacities, and trade of economically underdeveloped areas,*
18 *and training in public administration. The term “technical*
19 *cooperation programs” does not include such activities author-*
20 *ized by the United States Information and Educational*
21 *Exchange Act of 1948 (62 Stat. 6) as are not primarily*
22 *related to economic development, nor activities undertaken*
23 *now or hereafter pursuant to the International Aviation*
24 *Facilities Act (62 Stat. 450), nor activities undertaken now*

1 or hereafter in the administration of areas occupied by the
2 United States Armed Forces.

3 SEC. 303. PREREQUISITES TO ASSISTANCE.—Assist-
4 ance shall be made available under section 302 of this Act
5 only where the President determines that the nation being
6 assisted—

7 (a) pays a fair share of the cost of the program;

8 (b) provides all necessary information concerning
9 such program and gives the program full publicity;

10 (c) seeks to the maximum extent possible full co-
11 ordination and integration of technical cooperation pro-
12 grams being carried on in that nation;

13 (d) endeavors to make effective use of the results
14 of the program; and

15 (e) cooperates with other nations participating in
16 the program in the mutual exchange of technical
17 knowledge and skills.

18 SEC. 304. AUTHORIZATION.—There is hereby author-
19 ized to be appropriated to the President for the fiscal year
20 1955 \$112,070,000 for technical cooperation programs in
21 the Near East, Africa, South Asia, Far East and Pacific,
22 and Latin America. In addition, unexpended balances of
23 appropriations heretofore made pursuant to section 543 of
24 the Mutual Security Act of 1951, as amended, are author-
25 ized to be continued available for the purposes of this section

1 through June 30, 1955, and to be consolidated with the
2 appropriation authorized by this section.

3 *SEC. 305. LIMITATION ON USE OF FUNDS.—Funds*
4 *made available under section 304 may be expended to furnish*
5 *assistance in the form of equipment or commodities only*
6 *where necessary for instruction or demonstration purposes.*

7 *SEC. 306. MULTILATERAL TECHNICAL COOPERA-*
8 *TION.—As one means of accomplishing the purposes of this*
9 *title, the United States is authorized to participate*
10 *in multilateral technical cooperation programs carried on*
11 *by the United Nations, the Organization of American*
12 *States, their related organizations, and other international*
13 *organizations, wherever practicable. There is hereby au-*
14 *thorized to be appropriated to carry out the purpose of*
15 *this section, in addition to the amounts authorized by sec-*
16 *tion 304, not to exceed—*

17 (a) \$17,958,000 for making contributions to the
18 United Nations Expanded Program of Technical
19 Assistance;

20 (b) \$1,500,000 for making contributions to the
21 technical cooperation program of the Organization of
22 American States.

23 *SEC. 307. ADVANCES AND GRANTS; CONTRACTS.—*
24 *The President may make advances and grants-in-aid of*
25 *technical cooperation programs to any person, corporation,*

1 or other body of persons or to any foreign government
2 agency. The President may make and perform contracts and
3 agreements in respect of technical cooperation programs on
4 behalf of the United States Government with any person,
5 corporation, or other body of persons however designated,
6 whether within or without the United States, or with any
7 foreign government or foreign government agency. A con-
8 tract or agreement which entails commitments for the expen-
9 diture of funds appropriated pursuant to this title may, sub-
10 ject to any future action of the Congress, run for not to
11 exceed three years.

12 *SEC. 308. INTERNATIONAL DEVELOPMENT ADVI-*
13 *SORY BOARD.*—There shall be an advisory board, referred to
14 in this section as the “Board”, which shall advise and consult
15 with the President, or such other officer as he may designate
16 to administer this title, with respect to general or basic policy
17 matters arising in connection with the operation of pro-
18 grams authorized by this title, title II, and section 414 (b).
19 The Board shall consist of not more than thirteen members
20 appointed by the President, one of whom, by and with the
21 advice and consent of the Senate, shall be appointed by him
22 as chairman. The members of the Board shall be broadly
23 representative of voluntary agencies and other groups in-
24 terested in the programs, including business, labor, agricul-
25 ture, public health, and education. All members of the

1 *Board shall be citizens of the United States; none except*
2 *the chairman shall be an officer or an employee of the*
3 *United States (including any United States Government*
4 *agency) who as such regularly receives compensation for*
5 *current services. Members of the Board, other than the*
6 *chairman if he is an officer of the United States Govern-*
7 *ment, shall receive out of funds made available for the pur-*
8 *pose of this title a per diem allowance of \$50 for each day*
9 *spent away from their homes or regular places of business*
10 *for the purpose of attendance at meetings of the Board or*
11 *at conferences held upon the call of the chairman, and in*
12 *necessary travel, and while so engaged they may be paid*
13 *actual travel expenses and not to exceed \$10 per diem in*
14 *lieu of subsistence and other expenses.*

15 *TITLE IV—OTHER PROGRAMS*

16 *SEC. 401. SPECIAL FUND.—Of the funds made avail-*
17 *able under this Act, not to exceed \$150,000,000 may be*
18 *used in any fiscal year, without regard to the requirements*
19 *of this Act or any other Act for which funds are authorized*
20 *by this Act, in furtherance of any of the purposes of such Acts,*
21 *when the President determines that such use is important to*
22 *the security of the United States. Not to exceed \$100,000,000*
23 *of the funds available under this section may be expended for*
24 *any selected persons who are residing in or escapees from the*
25 *Soviet Union, Poland, Czechoslovakia, Hungary, Rumania,*

1 *Bulgaria, Albania, Lithuania, Latvia, and Estonia or the*
2 *Communist-dominated or Communist-occupied areas of Ger-*
3 *many and Austria, or any Communist-dominated or Com-*
4 *munist-occupied areas of Asia and any other countries*
5 *absorbed by the Soviet Union, either to form such*
6 *persons into elements of military forces supporting*
7 *the North Atlantic Treaty Organization or for other*
8 *purposes, when the President determines that such assist-*
9 *ance will contribute to the defense of the North Atlantic*
10 *area or to the security of the United States. Certification*
11 *by the President that he has expended amounts under this*
12 *section not in excess of \$50,000,000, and that it is inad-*
13 *visable to specify the nature of such expenditures, shall be*
14 *deemed a sufficient voucher for such amounts. Not more*
15 *than \$20,000,000 of the funds available under this section*
16 *may be allocated to any one nation.*

17 *SEC. 402. EARMARKING OF FUNDS.—Of the funds*
18 *authorized to be made available pursuant to this Act not less*
19 *than \$350,000,000 shall be used to finance the transfer of*
20 *surplus agricultural commodities or products thereof pro-*
21 *duced in the United States in addition to surplus agricultural*
22 *commodities or products transferred pursuant to the Agri-*
23 *cultural Trade Development and Assistance Act of 1954,*
24 *and foreign currency proceeds therefrom shall be used for*
25 *the purposes of this Act. Notwithstanding section 1415 of*

1 *the Supplemental Appropriation Act, 1953, or any other*
2 *provision of law, the President may use or enter into agree-*
3 *ments with friendly nations or organizations of nations to use*
4 *for such purposes the foreign currencies which accrue to the*
5 *United States under this section. To the extent practicable,*
6 *foreign currencies accruing from imports and sales under this*
7 *section and allocated to the United States shall be used and*
8 *usable for the same purpose for which the dollars used to*
9 *finance the purchase of surplus agricultural commodities*
10 *were originally programed.*

11 *SEC. 403. SPECIAL ASSISTANCE IN JOINT CONTROL*
12 *AREAS.—The President is hereby authorized to furnish com-*
13 *modities, services, and financial and other assistance to*
14 *nations and areas for which the United States has respon-*
15 *sibility as a result of participation in joint control arrange-*
16 *ments where found by the President to be in the interest of*
17 *the security of the United States. Funds appropriated pur-*
18 *suant to section 131 (b) (1) shall be available to carry out*
19 *this section.*

20 *SEC. 404. RESPONSIBILITIES IN GERMANY.—Upon*
21 *approval by the Secretary of State, a part of the German*
22 *currency now or hereafter deposited under the bilateral*
23 *agreement of December 15, 1949, between the United States*
24 *and the Federal Republic of Germany (or any supplementary*
25 *or succeeding agreement) shall be deposited in the GARIOA*

1 *(Government and Relief in Occupied Areas) Special Ac-*
2 *count under the terms of article V of that agreement, and*
3 *currency which has been or may be deposited in said ac-*
4 *count, and any portion of funds made available for assist-*
5 *ance to the Federal Republic of Germany pursuant to section*
6 *403 of this Act, may be used for expenses necessary to*
7 *meet the responsibilities or objectives of the United States in*
8 *Germany, including responsibilities arising under the su-*
9 *preme authority assumed by the United States on June 5,*
10 *1945, and under contractual arrangements with the Federal*
11 *Republic of Germany. Expenditures may be made under*
12 *authority of this section in amounts and under conditions*
13 *determined by the Secretary of State after consultation with*
14 *the official primarily responsible for administration of pro-*
15 *grams under chapter 3 of title I, and without regard to any*
16 *provision of law which the President determines must be*
17 *disregarded in order to meet such responsibilities or*
18 *objectives.*

19 *SEC. 405. MOVEMENT OF MIGRANTS AND REFU-*
20 *GEES.—(a) For the purpose of assisting in the movement of*
21 *migrants, there is hereby authorized to be appropriated*
22 *not to exceed \$11,189,190 for contributions during the*
23 *calendar year 1955 to the Intergovernmental Committee*
24 *for European Migration, and thereafter such amounts as*
25 *may be necessary from time to time for the payment by*

1 *the United States of its contributions to the Committee*
2 *and all necessary salaries and expenses incident to United*
3 *States participation in the Committee. In addition, the*
4 *unexpended balance of the appropriation made pursuant*
5 *to section 534 of the Mutual Security Act of 1951, as*
6 *amended, is hereby authorized to be continued available*
7 *for the purpose of this subsection through June 30, 1955,*
8 *and to be consolidated with the appropriation authorized*
9 *in this subsection.*

10 *(b) Of the funds made available under this Act, not*
11 *more than \$800,000 may be used by the President to facil-*
12 *itate the migration to the other American Republics of persons*
13 *resident in that portion of the Ryukyu Island Archipelago*
14 *under United States control.*

15 *(c) There is hereby authorized to be appropriated*
16 *for the fiscal year 1955 not to exceed \$500,000 for con-*
17 *tributions to the United Nations Refugee Emergency Fund.*

18 *SEC. 406. CHILDREN'S WELFARE.—There is hereby*
19 *authorized to be appropriated not to exceed \$13,500,000*
20 *for contributions during the fiscal year 1955 to the United*
21 *Nations Children's Fund.*

22 *SEC. 407. PALESTINE REFUGEES IN THE NEAR EAST.—*
23 *There is hereby authorized to be appropriated to the Presi-*
24 *dent for the fiscal year 1955, not to exceed \$30,000,000,*

1 to be used to make contributions to the United Nations
2 Relief and Works Agency for Palestine Refugees in the
3 Near East. In addition, the unexpended balance of the
4 appropriation made for the Palestine refugee program in
5 the Mutual Security Appropriation Act, 1954, is hereby
6 authorized to be continued available for the purpose of this
7 section through June 30, 1955. Whenever the President
8 shall determine that it would more effectively contribute to
9 the relief, rehabilitation, and resettlement of Palestine refugees
10 in the Near East, he may expend any part of the funds made
11 available pursuant to this section through any other agency
12 he may designate.

13 SEC. 408. NORTH ATLANTIC TREATY ORGANIZA-
14 TION.—(a) In order to provide for United States partici-
15 pation in the North Atlantic Treaty Organization, there
16 is hereby authorized to be appropriated for the fiscal year
17 1955 not to exceed \$3,200,000 for payment by the United
18 States of its share of the expenses of the Organization, and
19 thereafter such amounts as may be necessary from time to
20 time for the payment by the United States of its share of the
21 expenses of the Organization and all necessary salaries and
22 expenses of the United States permanent representative to
23 the Organization, of such persons as may be appointed to
24 represent the United States in the subsidiary bodies of the
25 Organization or in any multilateral organization which

1 participates in achieving the aims of the North Atlantic
2 Treaty, and of their appropriate staffs, and the expenses of
3 participation in meetings of such organizations, including
4 salaries, expenses, and allowances of personnel and depend-
5 ents as authorized by the Foreign Service Act of 1946, as
6 amended (22 U. S. C. 801), and allowances and expenses
7 as provided in section 6 of the Act of July 30, 1946 (22
8 U. S. C. 287r).

9 (b) The United States permanent representative to the
10 North Atlantic Treaty Organization shall be appointed by the
11 President by and with the advice and consent of the Senate
12 and shall hold office at the pleasure of the President. Such
13 representative shall have the rank and status of ambassador
14 extraordinary and plenipotentiary and shall be a chief of
15 mission, class 1, within the meaning of the Foreign Service
16 Act of 1946, as amended (22 U. S. C. 801).

17 (c) Persons detailed to the international staff of the
18 North Atlantic Treaty Organization in accordance with sec-
19 tion 530 of this Act who are appointed as Foreign Service
20 Reserve officers may serve for periods of more than four
21 years notwithstanding the limitation in section 522 of the
22 Foreign Service Act of 1946, as amended (22 U. S. C. 922).

23 SEC. 409. OCEAN FREIGHT CHARGES.—(a) In order
24 to further the efficient use of United States voluntary con-
25 tributions for relief and rehabilitation in nations and areas

1 eligible for assistance under this Act, the President may pay
2 ocean freight charges from United States ports to designated
3 ports of entry of such nations and areas on shipments by
4 United States voluntary nonprofit relief agencies registered
5 with and approved by the Advisory Committee on Voluntary
6 Foreign Aid and shipments by the American Red Cross.

7 (b) Where practicable the President shall make ar-
8 rangements with the receiving nation for free entry of such
9 shipments and for the making available by that nation of local
10 currencies for the purpose of defraying the transportation cost
11 of such shipments from the port of entry of the receiving
12 nation to the designated shipping point of the consignee.

13 (c) There is hereby authorized to be appropriated to the
14 President for the fiscal year 1955 not to exceed \$4,400,-
15 000 to carry out the purposes of this section; and, in addition,
16 unexpended balances of appropriations heretofore made pur-
17 suant to section 535 of the Mutual Security Act of 1951, as
18 amended, are authorized to be continued available for the
19 purposes of this section through June 30, 1955, and to be
20 consolidated with the appropriation authorized in this section.

21 (d) In addition, any funds made available under this
22 Act may be used, in amounts determined by the Presi-
23 dent, to pay ocean freight charges on shipments of surplus
24 agricultural commodities, including commodities made avail-

1 *able pursuant to any Act for the disposal abroad of United*
2 *States agricultural surpluses.*

3 *SEC. 410. CONTROL ACT EXPENSES.—There is hereby*
4 *authorized to be appropriated to the President for the*
5 *fiscal year 1955 not to exceed \$1,300,000 for carrying out*
6 *the objectives of the Mutual Defense Assistance Control*
7 *Act of 1951 (22 U. S. C. 1611). In addition, in accordance*
8 *with section 303 of that Act, funds made available for*
9 *carrying out chapter 1 of title I of this Act shall be avail-*
10 *able for carrying out the purpose of this section in such*
11 *amounts as the President may direct.*

12 *SEC. 411. ADMINISTRATIVE EXPENSES.—(a) When-*
13 *ever possible, the expenses of administration of this Act shall*
14 *be paid for in the currency of the nation where the expense is*
15 *incurred.*

16 *(b) There is hereby authorized to be appropriated to*
17 *the President for the fiscal year 1955 not to exceed \$34,-*
18 *700,000 for all necessary administrative expenses incident*
19 *to carrying out the provisions of this Act other than chapter*
20 *1 of title I, including expenses for compensation, allowances*
21 *and travel of personnel, including Foreign Service personnel*
22 *whose services are utilized primarily for the purposes of this*
23 *Act, and, without regard to the provisions of any other law,*
24 *for printing and binding, and for expenditures outside the*

1 *continental limits of the United States for the procurement of*
2 *supplies and services and for other administrative purposes*
3 *(other than compensation of personnel) without regard to*
4 *such laws and regulations governing the obligation and ex-*
5 *penditure of Government funds as may be necessary to ac-*
6 *complish the purposes of this Act.*

7 *SEC. 412. STRATEGIC MATERIALS.—In order to reduce*
8 *the drain on United States resources and to assure the pro-*
9 *duction of adequate supplies of essential raw materials for the*
10 *collective defense of the free world, the President is author-*
11 *ized to initiate projects for, and assist in procuring and stim-*
12 *ulating increased production of, materials in which deficien-*
13 *cies or potential deficiencies in supply exist in the United*
14 *States or among nations receiving United States assistance.*
15 *The unexpended balance of funds made available pursuant*
16 *to section 514 of the Mutual Security Act of 1951, as*
17 *amended, is hereby authorized to be continued available for*
18 *the purpose of this section through June 30, 1955.*

19 *SEC. 413. CHINESE AND KOREAN STUDENTS.—Funds*
20 *heretofore allocated to the Secretary of State pursuant to*
21 *the last proviso of section 202 of the China Area Aid Act*
22 *of 1950 (22 U. S. C. 1547) shall continue to be available*
23 *until expended, under such regulations as the Secretary of*
24 *State may prescribe, using private agencies to the maximum*
25 *extent practicable, for necessary expenses of tuition, subsist-*

1 ence, transportation, and emergency medical care for selected
2 citizens of China and of Korea for studying or teaching in
3 accredited colleges, universities, or other educational insti-
4 tutions in the United States approved by the Secretary of
5 State for the purpose, or for research and related academic
6 and technical activities in the United States, and such
7 selected citizens of China who have been admitted for the
8 purpose of study in the United States shall be granted per-
9 mission to accept employment upon application filed with
10 the Commissioner of Immigration and Naturalization pur-
11 suant to regulations promulgated by the Attorney General.

12 *SEC. 414. ENCOURAGEMENT OF FREE ENTERPRISE*
13 *AND PRIVATE PARTICIPATION.—(a) The Congress recog-*
14 *nizes the vital role of free enterprise in achieving rising levels*
15 *of production and standards of living essential to the economic*
16 *progress and defensive strength of the free world. Accord-*
17 *ingly, it is declared to be the policy of the United States to*
18 *encourage the efforts of other free nations to increase the flow*
19 *of international trade, to foster private initiative and com-*
20 *petition, to discourage monopolistic practices, to improve the*
21 *technical efficiency of their industry, agriculture and com-*
22 *merce, and to strengthen free labor unions; and to en-*
23 *courage the contribution of United States enterprise toward*
24 *the economic strength of other free nations, through private*
25 *trade and investment abroad, private participation in the*

1 programs carried out under this Act (including the use of
2 private trade channels to the maximum extent practicable
3 in carrying out such programs), and exchange of ideas and
4 technical information on the matters covered by this section.

5 (b) In order to encourage and facilitate participation
6 by private enterprise to the maximum extent practicable in
7 achieving any of the purposes of this Act, the President—

8 (1) shall make arrangements to find and draw the
9 attention of private enterprise to opportunities for in-
10 vestment and development in other free nations;

11 (2) shall accelerate a program of negotiating
12 treaties for commerce and trade, including tax treaties,
13 which shall include provisions to encourage and facilitate
14 the flow of private investment to nations participating
15 in programs under this Act;

16 (3) shall insist upon full compliance by other coun-
17 tries or a dependent area of any country with all treaties
18 for commerce and trade and taxes and shall consider
19 such treaties to be in full force and effect until they are
20 superseded by other treaties or expire in accordance
21 with their own terms or are specifically modified or
22 voided by a verdict of the International Court of Justice;
23 and, when any such treaty has been declared valid by
24 such Court, shall take all reasonable measures under this
25 Act or other authority to assure compliance therewith

1 *and to obtain just compensation for United States citizens*
2 *for losses sustained by or payments exacted from them as*
3 *a result of measures taken or imposed by any country*
4 *or dependent area thereof and found by such Court to*
5 *violate any such treaty; and*

6 *(4) may make, until June 30, 1957, under rules*
7 *and regulations prescribed by him, guaranties to any*
8 *person of investments in connection with projects, in-*
9 *cluding expansion, modernization, or development of*
10 *existing enterprises, in any nation with which the United*
11 *States has agreed to institute the guaranty program:*
12 *Provided, That—*

13 *(A) such projects shall be approved by the*
14 *President as furthering any of the purposes of this*
15 *Act, and by the nation concerned;*

16 *(B) the guaranty to any person shall be limited*
17 *to assuring any or all of the following:*

18 *(i) the transfer into United States dollars*
19 *of other currencies, or credits in such currencies,*
20 *received by such person as earnings or profits*
21 *from the approved project, as repayment or*
22 *return of the investment therein, in whole or in*
23 *part, or as compensation for the sale or dis-*
24 *position of all or any part thereof;*

25 *(ii) the compensation in United States*

. 1 *dollars for loss of all or any part of the invest-*
2 *ment in the approved project which shall be*
3 *found by the President to have been lost to such*
4 *person by reason of expropriation or confisca-*
5 *tion by action of the government of a foreign*
6 *nation with respect to which the United States*
7 *has agreed to institute the guaranty program;*

8 *(C) when any payment is made to any person*
9 *pursuant to a guaranty as hereinbefore described,*
10 *the currency, credits, assets, or investment on ac-*
11 *count of which such payment is made shall become*
12 *the property of the United States Government, and*
13 *the United States Government shall be subrogated*
14 *to any right, title, claim or cause of action existing*
15 *in connection therewith;*

16 *(D) the guaranty to any person shall not ex-*
17 *ceed the amount of dollars invested in the project*
18 *by such person with the approval of the President*
19 *plus actual earnings or profits on said project to*
20 *the extent provided by such guaranty, and shall be*
21 *limited to a term not exceeding twenty years from*
22 *the date of issuance;*

23 *(E) a fee shall be charged in an amount not*
24 *exceeding 1 per centum per annum of the amount*

1 of each guaranty under clause (i) of subparagraph .
2 (B), and not exceeding 4 per centum per annum of
3 the amount of each guaranty under clause (ii) of
4 such subparagraph, and all fees collected hereunder
5 shall be available for expenditure in discharge of
6 liabilities under guaranties made under this section
7 until such time as all such liabilities have been dis-
8 charged or have expired, or until all such fees have
9 been expended in accordance with the provisions of
10 this section;

11 (F) the President is authorized to issue guar-
12 anties up to a total of \$200,000,000: Provided,
13 That any funds allocated to a guaranty and remain-
14 ing after all liability of the United States assumed
15 in connection therewith has been released, dis-
16 charged, or otherwise terminated, shall be available
17 for allocation to other guaranties, the foregoing limi-
18 tation notwithstanding. Any payments made to
19 discharge liabilities under guaranties issued under
20 this subsection shall be paid out of fees collected
21 under subparagraph (E) as long as such fees are
22 available, and thereafter shall be paid out of funds
23 realized from the sale of notes which have been
24 issued under authority of paragraph 111 (c) (2)

1 of the Economic Cooperation Act of 1948, as
2 amended, when necessary to discharge liabilities
3 under any such guaranty;

4 (G) the guaranty program authorized by this
5 paragraph shall be used to the maximum prac-
6 ticable extent and shall be administered under broad
7 criteria so as to facilitate and increase the participa-
8 tion of private enterprise in achieving any of the
9 purposes of this Act;

10 (H) as used in this paragraph—

11 (i) the term “person” means a citizen of
12 the United States or any corporation, partner-
13 ship, or other association created under the law
14 of the United States or of any State or Terri-
15 tory and substantially beneficially owned by
16 citizens of the United States, and

17 (ii) the term “investment” includes any
18 contribution of capital goods, materials, equip-
19 ment, services, patents, processes, or tech-
20 niques by any person in the form of (1) a
21 loan or loans to an approved project, (2) the
22 purchase of a share of ownership in any such
23 project, (3) participation in royalties, earn-
24 ings, or profits of any such project, and (4)
25 the furnishing of capital goods items and

related services pursuant to a contract providing for payment in whole or in part after the end of the fiscal year in which the guaranty of such investment is made.

SEC. 415. MUNITIONS CONTROL.—(a) The President is authorized to control, in furtherance of world peace and the security and foreign policy of the United States, the export and import of arms, ammunition, and implements of war, including technical data relating thereto, other than by a United States Government agency. The President is authorized to designate those articles which shall be considered as arms, ammunition, and implements of war, including technical data relating thereto, for the purposes of this section.

(b) As prescribed in regulations issued under this section, every person who engages in the business of manufacturing, exporting, or importing any arms, ammunition, or implements of war, including technical data relating thereto, designated by the President under subsection (a) shall register with the United States Government agency charged with the administration of this section and, in addition, shall pay a registration fee which shall be prescribed by such regulations.

(c) Any person who willfully violates any provision of this section or any rule or regulation issued under this

1 section, or who willfully, in a registration or license appli-
2 cation, makes any untrue statement of a material fact or
3 omits to state a material fact required to be stated therein
4 or necessary to make the statements therein not misleading,
5 shall upon conviction be fined not more than \$25,000 or
6 imprisoned not more than two years, or both.

7 *SEC. 416. ASSISTANCE TO INTERNATIONAL ORGANI-*
8 *ZATION.—Whenever it will assist in achieving purposes de-*
9 *clared in this Act, the President is authorized to use funds*
10 *available under section 131, 201, and 403 in order to furnish*
11 *assistance, including by transfer of funds, directly to—*

12 *(a) the North Atlantic Treaty Organization, for a*
13 *strategic stockpile of foodstuffs and other supplies, or for*
14 *other purposes;*

15 *(b) the European Coal and Steel Community;*

16 *(c) the Organization for European Economic*
17 *Cooperation; and*

18 *(d) any central institution or other organization*
19 *formed to further purposes declared in this Act, or to*
20 *any member thereof in connection with the operation*
21 *of such institution or organization, to be used to facili-*
22 *tate trade and payments or to stimulate private initiative*
23 *and investment in economic development.*

24 *SEC. 417. FACILITATION AND ENCOURAGEMENT*
25 *OF TRAVEL.—The President, through such officer or commis-*

1 sion as he may designate, shall facilitate and encourage,
2 without cost to the United States except for administrative
3 expenses, the promotion and development of travel by
4 citizens of the United States to and within countries receiving
5 assistance under this Act and travel by citizens of such
6 countries to the United States.

7 TITLE V—MISCELLANEOUS PROVISIONS

8 CHAPTER 1. GENERAL PROVISIONS

9 SEC. 501. TRANSFERABILITY OF FUNDS.—(a) When-
10 ever the President determines it to be necessary for the pur-
11 poses of this Act, not to exceed 10 per centum of the funds
12 available under any of the first three chapters of title I, or
13 under title II, title III, or title IV, may be transferred for
14 the purpose of furnishing assistance of any of the kinds
15 authorized under any other such chapter or title and may
16 be consolidated with any appropriation available under the
17 chapter or title to which such funds are transferred: Pro-
18 vided, That after transfer, such funds shall be available for
19 the same period of time as funds appropriated under the
20 section to which transferred.

21 (b) Whenever the President determines it to be necessary
22 for the purposes of this Act, not to exceed 10 per centum of
23 the funds available under any section of chapters 2 and
24 3 of title I, or any section of title II, title III, or title IV,
25 may be transferred from such section to any other section of

1 *the same chapter or title or from any geographic subdivision*
2 *to any other geographic subdivision of the same section, and*
3 *may be consolidated with any appropriation available under*
4 *the section or for the geographic subdivision to which such*
5 *funds are transferred.*

6 *SEC. 502. USE OF FOREIGN CURRENCY.—(a) Not-*
7 *withstanding section 1415 of the Supplemental Appropriation*
8 *Act, 1953, or any other provision of law, proceeds of sales*
9 *made under section 550 of the Mutual Security Act of 1951,*
10 *as amended, shall remain available and shall be used for any*
11 *of the purposes of this Act, giving particular regard to the*
12 *following purposes—*

13 *(1) for providing military assistance to nations or*
14 *mutual defense organizations eligible to receive assist-*
15 *ance under this Act;*

16 *(2) for purchase of goods or services in friendly*
17 *nations;*

18 *(3) for loans, under applicable provisions of this*
19 *Act, to increase production of goods or services, includ-*
20 *ing strategic materials, needed in any nation with*
21 *which an agreement was negotiated, or in other friendly*
22 *nations, with the authority to use currencies received*
23 *in repayment for the purposes stated in this section or*
24 *for deposit to the general account of the Treasury of*
25 *the United States;*

(4) for developing new markets on a mutually beneficial basis;

(5) for grants-in-aid to increase production for domestic needs in friendly countries; and

(6) for purchasing materials for United States stockpiles.

(b) Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, local currencies owned by the United States shall be made available to appropriate committees of the Congress engaged in carrying out their duties under section 136 of the Legislative Reorganization Act of 1946, as amended, for their local currency expenses: Provided, That any such committee of the Congress which uses local currency shall make a full report thereof to the Committee on House Administration of the House of Representatives (if the committee using such currency is a committee of the House of Representatives) or to the Committee on Rules and Administration of the Senate (if the committee using such currency is a committee of the Senate), showing the total amount of such currency so used in each country and the purposes for which it was expended.

SEC. 503. TERMINATION OF ASSISTANCE.—(a) If the President determines that the furnishing of assistance to any nation under any provision of this Act—

1 (1) is no longer consistent with the national inter-
2 est or security or the foreign policy of the United
3 States; or

4 (2) would no longer contribute effectively to the
5 purposes for which such assistance is furnished; or

6 (3) is no longer consistent with the obligations and
7 responsibilities of the United States under the Charter
8 of the United Nations,

9 he shall terminate all or part of any assistance furnished
10 pursuant to this Act. If the President determines that any
11 nation which is receiving assistance under chapter 1 of
12 title I of this Act is not making its full contribution to
13 its own defense or to the defense of the area of which it
14 is a part, he shall terminate all or part of such assist-
15 ance. Assistance to any nation under any provision of this
16 Act may, unless sooner terminated by the President, be
17 terminated by concurrent resolution. Funds made available
18 under this Act shall remain available for twelve months from
19 the date of termination under this subsection for the necessary
20 expenses of liquidating assistance programs.

21 (b) (1) After June 30, 1955, none of the authority
22 conferred by this Act may be exercised for the purpose of
23 carrying out any function authorized by Title I or Title II;
24 except that during the twelve months following such date (i)
25 funds which have been obligated on or before that date

1 shall remain available for expenditure, (ii) equipment, ma-
2 terials, commodities, and services with respect to which funds
3 have been obligated on or before such date for procurement
4 for, shipment to, or delivery in a recipient country may be
5 transferred to such country, and (iii) funds appropriated
6 under authority of this Act may be obligated (A) for the
7 necessary expenses of procurement, shipment, delivery, and
8 other activities essential to such transfer and (B) for the
9 necessary expenses of liquidating operations incident to such
10 functions: *Provided, That with respect to functions author-*
11 *ized by chapter 1 of title I and section 122 of this Act, the*
12 *period during which expenditures, transfers, and obligations*
13 *may be made under clauses (i), (ii), and (iii) above, shall*
14 *be twenty-four months.*

15 (2) *At such time as the President shall find appropriate*
16 *during the liquidation period provided for in paragraph (1)*
17 *of this section, the powers, duties, and authority conferred by*
18 *this Act with respect to such function may be transferred for*
19 *the purpose of liquidation to such other United States Govern-*
20 *ment agencies as the President shall specify, and the relevant*
21 *funds, records, property, and personnel may be transferred*
22 *to the agencies to which the related functions are transferred.*

23 SEC. 504. SMALL BUSINESS.—(a) *Insofar as practica-*
24 *ble and to the maximum extent consistent with the accom-*
25 *plishment of the purposes of this Act, the President shall as-*

1 *sist American small business to participate equitably in the*
2 *furnishing of commodities and services financed with funds*
3 *authorized under titles II, III, and IV, and chapters 2 and*
4 *3 of title I, of this Act—*

5 *(1) by causing to be made available to suppliers in*
6 *the United States and particularly to small independent*
7 *enterprises, information, as far in advance as possible,*
8 *with respect to purchases proposed to be financed with*
9 *such funds,*

10 *(2) by causing to be made available to prospective*
11 *purchasers in the nations receiving assistance under this*
12 *Act information as to commodities and services produced*
13 *by small independent enterprises in the United States,*
14 *and*

15 *(3) by providing for additional services to give*
16 *small business better opportunities to participate in the*
17 *furnishing of commodities and services financed with*
18 *such funds.*

19 *(b) There shall be an Office of Small Business, headed*
20 *by a Special Assistant for Small Business, in such United*
21 *States Government agency as the President may direct, to*
22 *assist in carrying out the provisions of subsection (a) of this*
23 *section.*

24 *(c) The Secretary of Defense shall assure that there is*
25 *made available to suppliers in the United States, and particu-*

1 larly to small independent enterprises, information
2 with respect to purchases made by the Department of De-
3 fense pursuant to chapter 1 of title I, such information to
4 be furnished as far in advance as possible.

5 SEC. 505. LOAN ASSISTANCE.—(a) Assistance under
6 this Act may be furnished on a grant basis or on such terms,
7 including cash, credit, or other terms of repayment (includ-
8 ing repayment in foreign currencies or by transfer to the
9 United States of materials required for stockpiling or other
10 purposes) as may be determined to be best suited to the
11 achievement of the purposes of this Act.

12 (b) Of the funds made available pursuant to this Act
13 (other than funds made available pursuant to chapter 1 of
14 title I) and foreign currencies accruing to the United States
15 under section 402, the equivalent of not less than \$150,000,-
16 000 shall be available only for the furnishing of assistance on
17 terms of repayment. Funds for the purpose of furnishing
18 assistance on terms of repayment shall be allocated to the
19 Export-Import Bank of Washington, which shall, notwith-
20 standing the provisions of the Export-Import Bank Act of
21 1945 (59 Stat. 526), as amended, make and administer
22 the credit on such terms. Credits made by the Export-
23 Import Bank of Washington with funds so allocated to
24 it shall not be considered in determining whether the
25 Bank has outstanding at any one time loans and guar-

1 anties to the extent of the limitation imposed by sec-
2 tion 7 of the Export-Import Bank Act of 1945 (59
3 Stat. 529), as amended. Amounts received in repay-
4 ment of principal and interest on any loan made under this
5 section shall be held by the Treasury to be used for such
6 purposes, including further loans, as may be authorized from
7 time to time by Congress. Amounts received in repayment
8 of principal and interest on any credits made under para-
9 graph 111 (c) (2) of the Economic Cooperation Act of
10 1948, as amended, shall be deposited into miscellaneous re-
11 ceipts of the Treasury, except that, to the extent required for
12 such purpose, amounts received in repayment of principal and
13 interest on any credits made out of funds realized from the
14 sale of notes heretofore authorized to be issued for the purpose
15 of financing assistance on a credit basis under paragraph
16 111 (c) (2) of the Economic Cooperation Act of 1948, as
17 amended, shall be deposited into the Treasury for the pur-
18 pose of the retirement of such notes.

19 SEC. 506. PATENTS AND TECHNICAL INFORMATION.—

20 (a) As used in this section—

21 (1) the term “invention” means an invention or
22 discovery covered by a patent issued by the United
23 States; and

24 (2) the term “information” means information
25 originated by or peculiarly within the knowledge of the

owner thereof and those in privity with him, which is not available to the public and is subject to protection as property under recognized legal principles.

(b) Whenever, in connection with the furnishing of any assistance in furtherance of the purposes of this Act—

(1) use within the United States, without authorization by the owner, shall be made of an invention; or

(2) damage to the owner shall result from the disclosure of information by reason of acts of the United States or its officers or employees,

the exclusive remedy of the owner of such invention or information shall be by suit against the United States in the Court of Claims or in the District Court of the United States for the district in which such owner is a resident for reasonable and entire compensation for unauthorized use or disclosure. In any such suit the United States may avail itself of any and all defenses, general or special, that might be pleaded by any defendant in a like action.

(c) Before such suit against the United States has been instituted, the head of the appropriate United States Government agency, which has furnished any assistance in furtherance of the purposes of this Act, is authorized and empowered to enter into an agreement with the claimant, in full settlement and compromise of any claim against the United States hereunder.

1 (d) *The provisions of the last sentence of section 1498*
2 *of title 28 of the United States Code shall apply to inven-*
3 *tions and information covered by this section.*

4 (e) *Except as otherwise provided by law, no recovery*
5 *shall be had for any infringement of a patent committed*
6 *more than six years prior to the filing of the complaint or*
7 *counterclaim for infringement in the action, except that the*
8 *period between the date of receipt by the Government of a*
9 *written claim under subsection (c) above for compensa-*
10 *tion for infringement of a patent and the date of mailing*
11 *by the Government of a notice to the claimant that his*
12 *claim has been denied shall not be counted as part of the*
13 *six years, unless suit is brought before the last-mentioned*
14 *date.*

15 *SEC. 507. AVAILABILITY OF FUNDS.—Except as other-*
16 *wise provided in sections 104 (pertaining to infrastructure),*
17 *105 (pertaining to development of weapons), 405 (pertaining*
18 *to movement of migrants), 408 (a) (pertaining to North*
19 *Atlantic Treaty Organization), and 413 (pertaining to*
20 *Chinese and Korean students), funds shall be available to*
21 *carry out the provisions of this Act (other than sections 415*
22 *and 417) as authorized and appropriated to the President*
23 *each fiscal year.*

24 *SEC. 508. LIMITATION ON FUNDS FOR PROPAGANDA.—*
25 *None of the funds herein authorized to be appropriated nor*

1 any counterpart funds shall be used to pay for personal
2 services or printing, or for other expenses of the dissemina-
3 tion within the United States of general propaganda in sup-
4 port of the mutual security program, or to pay the travel or
5 other expenses outside the United States of any citizen or
6 group of citizens of the United States for the purpose of
7 publicizing such program within the United States.

8 *SEC. 509. SHIPPING ON UNITED STATES VESSELS.—*

9 Such steps as may be necessary shall be taken to assure,
10 as far as practicable, that at least 50 per centum of the
11 gross tonnage of commodities, materials and equipment
12 procured out of funds made available under sections 103,
13 105, 123, 131, 132 (a), 201, 304, and 403 of this Act
14 and transported to or from the United States on ocean
15 vessels, computed separately for dry bulk carriers, dry cargo
16 liner and tanker services and computed separately for sec-
17 tions 103 and 105 (taken together) and for sections 123,
18 131, 132 (a), 201, 304, and 403 (taken together) is so
19 transported on United States flag commercial vessels to
20 the extent such vessels are available at market rate for
21 United States flag commercial vessels; and, in the admin-
22 istration of this provision, steps shall be taken, insofar as
23 practicable and consistent with the purposes of this Act, to
24 secure a fair and reasonable participation by United States
25 flag commercial vessels in cargoes by geographic area.

1 *SEC. 510 PURCHASE OF COMMODITIES.—No funds*
2 *made available until title II or chapter 3 of title I of this*
3 *Act shall be used for the purchase in bulk of any commodi-*
4 *ties at prices higher than the market price prevailing in the*
5 *United States at the time of the purchase adjusted for differ-*
6 *ences in the cost of transportation to destination, quality,*
7 *and terms of payment. A bulk purchase within the mean-*
8 *ing of this section does not include the purchase of raw*
9 *cotton in bales. Funds made available under title II or*
10 *chapter 3 of title I of this Act may be used for the pro-*
11 *curement of commodities outside the United States unless*
12 *the President determines that such procurement will result*
13 *in adverse effects upon the economy of the United States,*
14 *with special reference to any areas of labor surplus, or upon*
15 *the industrial mobilization base, which outweigh the eco-*
16 *nomie advantages to the United States of less costly procure-*
17 *ment abroad. In providing for the procurement of any*
18 *surplus agricultural commodity for transfer by grant under*
19 *this Act to any recipient nation in accordance with the*
20 *requirements of such nation, the President shall, insofar as*
21 *practicable and where in furtherance of the purposes of this*
22 *Act, authorize the procurement of such surplus agricultural*
23 *commodity only within the United States except to the ex-*
24 *tent that any such surplus agricultural commodity is not*
25 *available in the United States in sufficient quantities to sup-*

1 *ply the requirements of the nations receiving assistance under*
2 *this Act.*

3 *SEC. 511. RETENTION AND RETURN OF EQUIP-*
4 *MENT.—(a) No equipment or materials may be transferred*
5 *under title I out of military stocks if the Secretary of De-*
6 *fense, after consultation with the Joint Chiefs of Staff, de-*
7 *termines that such transfer would be detrimental to the*
8 *national security of the United States, or that such equip-*
9 *ment or materials are needed by the reserve components of*
10 *the Armed Forces to meet their training requirements.*

11 *(b) Any equipment, materials, or commodities pro-*
12 *cured to carry out this Act shall be retained by, or, upon re-*
13 *imbursement, transferred to and for the use of, such United*
14 *States Government agency as the President may determine*
15 *in lieu of being disposed of to a foreign nation or interna-*
16 *tional organization whenever in the judgment of the Presi-*
17 *dent the best interests of the United States will be served*
18 *thereby, or whenever such retention is called for by concur-*
19 *rent resolution. Any commodities so retained may be dis-*
20 *posed of without regard to provisions of law relating to the*
21 *disposal of Government-owned property, when necessary to*
22 *prevent spoilage or wastage of such commodities or to con-*
23 *serve the usefulness thereof. Funds realized from any such*
24 *disposal or transfer shall revert to the respective appropria-*
25 *tion or appropriations out of which funds were expended for*

1 *the procurement of such equipment, materials, or commodities*
2 *or to appropriations currently available for such procure-*
3 *ment.*

4 *(c) The President shall make appropriate arrangements*
5 *with each nation receiving equipment or materials under*
6 *chapter 1 of title I (other than equipment or materials*
7 *sold under the provisions of section 107) for the return to*
8 *the United States (1) for salvage or scrap, or (2) for*
9 *such other disposition as the President shall deem to be in*
10 *the interest of mutual security, of any such equipment or*
11 *materials which are no longer required for the purposes for*
12 *which originally made available.*

13 *SEC. 512. PENAL PROVISION.—Whoever offers or*
14 *gives to anyone who is or in the preceding two years has*
15 *been an employee or officer of the United States any com-*
16 *mission, payment, or gift, in connection with the procurement*
17 *of equipment, materials, commodities, or services under this*
18 *Act in connection with which procurement said officer, em-*
19 *ployee, former officer or former employee is or was employed*
20 *or performed duty or took any action during such employ-*
21 *ment, and whoever, being or having been an employee or*
22 *officer of the United States in the preceding two years, so-*
23 *licits, accepts, or offers to accept any commission, payment,*
24 *or gift in connection with the procurement of equipment,*
25 *materials, commodities, or services under this Act in con-*

1 nection with which procurement said officer, employee, for-
2 mer officer or former employee is or was employed or per-
3 formed duty or took any action during such employment,
4 shall upon conviction thereof be subject to a fine of not to
5 exceed \$10,000 or imprisonment for not to exceed three
6 years, or both.

7 *SEC. 513. NOTICE TO LEGISLATIVE COMMITTEES.—*
8 *When any transfer is made under section 106 (d) or section*
9 *501, the President or such officer as he may designate shall*
10 *promptly notify the Committee on Foreign Relations of the*
11 *Senate, the Committee on Foreign Affairs of the House of*
12 *Representatives and, when military assistance is involved,*
13 *the Committees on Armed Services of the Senate and House*
14 *of Representatives, stating the justification for such transfer.*
15 *Notice shall also be given to the Committee on Foreign*
16 *Relations of the Senate and the Committee on Foreign Af-*
17 *fairs of the House of Representatives of any determination*
18 *under the first sentence of section 401 (except with respect to*
19 *unvouchered funds), and copies of any certification as to*
20 *loyalty under section 532 shall be filed with such committees.*
21 *In addition, the President or such officer or officers as he may*
22 *designate shall keep the appropriate committees of Congress*
23 *currently informed of any substantial changes in programs*
24 *under this Act, other than changes resulting directly from*
25 *congressional changes in authorizing or appropriating legis-*

1 *lation proposed by the executive branch, and of the reasons*
2 *for such changes.*

3 *SEC. 514. INTERNATIONAL EDUCATIONAL EXCHANGE*
4 *ACTIVITIES.—Foreign currencies or credits owed to or*
5 *owned by the United States, where arising from this Act or*
6 *otherwise, shall, upon a request from the Secretary of State*
7 *certifying that such funds are required for the purpose of*
8 *international educational exchange activities under programs*
9 *authorized by section 32 (b) (2) of the Surplus Property*
10 *Act of 1944, as amended, be reserved by the Secretary of*
11 *the Treasury for sale to the Department of State for such*
12 *activities on the basis of the dollar value at the time of the*
13 *reservation.*

14 *CHAPTER 2. ORGANIZATION AND ADMINISTRATION*

15 *SEC. 521. DELEGATION OF AUTHORITY BY THE PRES-*
16 *IDENT.—(a) Except as provided in subsection (b), the*
17 *President may exercise any power or authority conferred*
18 *on him by this Act through such agency or officer of the*
19 *United States as he shall direct, and the head of such agency*
20 *or such officer may from time to time promulgate such rules*
21 *and regulations as may be necessary and proper to carry*
22 *out functions under this Act and may delegate authority to*
23 *perform any of such functions to his subordinates acting*
24 *under his direction.*

25 *(b) After June 30, 1955, the President shall exercise*

1 the powers conferred upon him under title III of this Act
2 through the Secretary of State.

3 SEC. 522. ALLOCATION AND REIMBURSEMENT AMONG
4 AGENCIES.—(a) The President may allocate or transfer to
5 any United States Government agency any part of any
6 funds available for carrying out the purposes of this
7 Act, including any advance to the United States by any
8 nation or international organization for the procurement
9 of equipment or materials or services. Such funds shall
10 be available for obligation and expenditure for the pur-
11 poses for which authorized, in accordance with authority
12 granted in this Act or under authority governing the
13 activities of the Government agencies to which such funds
14 are allocated or transferred. Funds allocated to the Depart-
15 ment of Defense shall be governed as to reimbursement by
16 the procedures of subsection (c) of this section.

17 (b) Any officer of the United States performing func-
18 tions under this Act may utilize the services and facilities
19 of, or procure commodities from, any United States Gov-
20 ernment agency as the President shall direct, or with the
21 consent of the head of such agency, and funds allocated
22 pursuant to this subsection to any such agency may be
23 established in separate appropriation accounts on the books
24 of the Treasury.

25 (c) Reimbursement shall be made to any United States

1 Government agency, from funds available to carry out
2 chapter 1 of title I of this Act, for any assistance fur-
3 nished under that chapter from, by, or through such
4 agency. Such reimbursement shall be in an amount equal
5 to the value (as defined in section 545) of the equipment
6 and materials, services (other than salaries of members
7 of the Armed Forces of the United States), or other assist-
8 ance furnished, plus expenses arising from or incident to
9 operations under that chapter. The amount of any such
10 reimbursement shall be credited as reimbursable receipts
11 to current applicable appropriations, funds, or accounts of
12 such agency and shall be available for, and under the
13 authority applicable to, the purposes for which such appro-
14 priations, funds, or accounts are authorized to be used,
15 including the procurement of equipment and materials
16 or services, required by such agency, in the same general
17 category as those furnished by it or authorized to be procured
18 by it and expenses arising from and incident to such pro-
19 curement.

20 (d) In the case of any commodity, service, or facility
21 procured from any United States Government agency under
22 any provision of this Act other than chapter 1 of title I,
23 reimbursement or payment shall be made to such agency
24 from funds available to carry out such provision. Such
25 reimbursement or payment shall be at replacement cost, or,

1 *if required by law, at actual cost, or at any other price*
2 *authorized by law and agreed to by the owning or disposal*
3 *agency. The amount of any such reimbursement or pay-*
4 *ment shall be credited to current applicable appropriations,*
5 *funds, or accounts from which there may be procured*
6 *replacements of similar commodities, services, or facilities,*
7 *except that where such appropriations, funds, or accounts*
8 *are not reimbursable except by reason of this subsection,*
9 *and when the owning agency determines that such replace-*
10 *ment is not necessary, any funds received in payment*
11 *therefor shall be covered into the Treasury as miscellaneous*
12 *receipts.*

13 *(e) In furnishing assistance under this Act and in*
14 *making surplus agricultural commodities available under*
15 *section 402 accounts may be established on the books of any*
16 *United States Government agency or, on terms and conditions*
17 *approved by the Secretary of the Treasury, in banking institu-*
18 *tions in the United States, against which (i) letters of commit-*
19 *ment may be issued which shall constitute obligations*
20 *of the United States, and moneys due or to become due*
21 *under such letters of commitment shall be assignable under*
22 *the Assignment of Claims Act of 1940, as amended, and*
23 *(ii) withdrawals may be made by recipient nations or*
24 *agencies, organizations or persons upon presentation of*

1 contracts, invoices, or other appropriate documentation.
2 Expenditure of funds which have been made available through
3 accounts so established shall be accounted for on standard
4 documentation required for expenditure of Government funds:
5 Provided, That such expenditures for commodities or services
6 procured outside the continental limits of the United States
7 may be accounted for exclusively on such certification as may
8 be prescribed in regulations approved by the Comptroller
9 General of the United States.

10 SEC. 523. COORDINATION WITH FOREIGN POLICY.—

11 (a) Nothing contained in this Act shall be construed to
12 infringe upon the powers or functions of the Secretary of
13 State.

14 (b) The President shall prescribe appropriate proce-
15 dures to assure coordination among representatives of the
16 United States Government in each country, under the leader-
17 ship of the Chief of the United States Diplomatic Mission.

18 SEC. 524. THE SECRETARY OF DEFENSE.—(a) In the
19 case of aid under chapter 1 of title I of this Act, the Secre-
20 tary of Defense shall have primary responsibility for—

21 (1) the determination of military end-item require-
22 ments;

23 (2) the procurement of military equipment in a
24 manner which permits its integration with service
25 programs;

(3) the supervision of end-item use by the recipient countries;

(4) the supervision of the training of foreign military personnel;

(5) the movement and delivery of military end-items; and

(6) within the Department of Defense, the performance of any other functions with respect to the furnishing of military assistance.

(b) The establishment of priorities in the procurement, delivery, and allocation of military equipment shall be determined by the Secretary of Defense. The determination of the value of the program for any country under chapter 1 of title I shall be made by the President.

SEC. 525. FOREIGN OPERATIONS ADMINISTRATION.—

Except as modified pursuant to this section or section 521, the Director of the Foreign Operations Administration (referred to in this chapter as the “Director”) shall continue to perform the functions vested in him on the effective date of this Act, except insofar as such functions relate to continuous supervision and general direction of programs of military assistance. The President may transfer to any agency or officer of the United States, and may modify or abolish, any function, office, or entity of the Foreign Operations Administration or any officer or employee thereof, and may transfer

1 such personnel, property, records, and funds as may be
2 necessary incident thereto.

3 *SEC. 526. PUBLIC ADVISORY BOARD.*—There shall be
4 a Public Advisory Board (referred to in this section as the
5 “Board”), which shall advise and consult with the Director
6 with respect to general or basic policy matters arising in con-
7 nection with the Director’s discharge of his responsibilities.
8 The Board shall consist of the Director, who shall be Chair-
9 man, and not to exceed twelve additional members, to be ap-
10 pointed by the President by and with the advice and consent
11 of the Senate, who shall be selected from among citizens of the
12 United States of broad and varied experience in matters
13 affecting the public interest, other than officers and employees
14 of the United States (including any United States Govern-
15 ment agency), who, as such, regularly receive compensation
16 for current services. The Board shall meet at the call of the
17 Director or when three or more members of the Board request
18 the Director to call a meeting. Not more than a majority of
19 two of the members shall be appointed to the Board from the
20 same political party. Members of the Board, other than the
21 Director, shall receive, out of funds made available for the
22 purposes of this Act, a per diem allowance of \$50 for each
23 day spent away from their homes or regular places of busi-
24 ness, for the purpose of attendance at meetings of the Board,
25 or at conferences held upon the call of the Director, and in

1 *necessary travel, and while so engaged they may be paid actual*
2 *travel expenses and not to exceed \$10 per diem in lieu of*
3 *subsistence and other expenses.*

4 *SEC. 527. MISSIONS AND STAFFS ABROAD.—The*
5 *President may maintain special missions or staffs abroad in*
6 *such nations and for such periods of time as may be necessary*
7 *to carry out this Act. Each such special mission or staff shall*
8 *be under the direction of a chief. The chief and his deputy*
9 *shall be appointed by the President and may, notwithstanding*
10 *any other law, be removed by the President at his dis-*
11 *cretion. The chief shall be entitled to receive (1) in cases*
12 *approved by the President, the same compensation and*
13 *allowances as a chief of mission, class 3, or a chief of mission,*
14 *class 4, within the meaning of the Foreign Service Act of*
15 *1946 (22 U. S. C. 801), or (2) compensation and allow-*
16 *ances in accordance with section 528 (c) of this Act, as the*
17 *President shall determine to be appropriate.*

18 *SEC. 528. EMPLOYMENT OF PERSONNEL.—(a) Any*
19 *United States Government agency performing functions*
20 *under this Act is authorized to employ such personnel as the*
21 *President deems necessary to carry out the provisions and*
22 *purposes of this Act.*

23 *(b) Of the personnel employed in the United States on*
24 *programs authorized by this Act, not to exceed sixty may be*
25 *compensated without regard to the provisions of the Classifi-*

1 cation Act of 1949, as amended, of whom not to exceed
2 thirty-five may be compensated at rates higher than those
3 provided for grade 15 of the general schedule established
4 by the Classification Act of 1949, as amended, and of these,
5 not to exceed fifteen may be compensated at a rate in excess
6 of the highest rate provided for grades of such general
7 schedule but not in excess of \$15,000 per annum. Such
8 positions shall be in addition to those authorized by law to
9 be filled by Presidential appointment, and in addition to the
10 number authorized by section 505 of the Classification Act
11 of 1949, as amended.

12 (c) For the purpose of performing functions under this
13 Act outside the continental limits of the United States, the
14 Director may—

15 (1) employ or assign persons, or authorize the em-
16 ployment or assignment of officers or employees of other
17 United States Government agencies, who shall receive
18 compensation at any of the rates provided for the For-
19 eign Service Reserve and Staff by the Foreign Service
20 Act of 1946, as amended (22 U. S. C. 801), together
21 with allowances and benefits established thereunder in-
22 cluding, in all cases, post differentials prescribed under
23 section 443 of the Foreign Service Act; and persons so
24 employed or assigned shall be entitled to the same bene-
25 fits as are provided by section 528 of the Foreign Serv-

1 *ice Act for persons appointed to the Foreign Service*
2 *Reserve; and*

3 (2) *utilize such authority, including authority to*
4 *appoint and assign personnel for the duration of opera-*
5 *tions under this Act, contained in the Foreign Service*
6 *Act of 1946, as amended (22 U. S. C. 801), as the*
7 *President deems necessary to carry out functions under*
8 *this Act. Such provisions of the Foreign Service Act as*
9 *the President deems appropriate shall apply to person-*
10 *nel appointed or assigned under this paragraph, includ-*
11 *ing, in all cases, the provisions of sections 443 and 528*
12 *of that Act.*

13 (d) *For the purpose of performing functions under this*
14 *Act outside the continental limits of the United States, the*
15 *Secretary of State may, at the request of the Director,*
16 *appoint for the duration of operations under this Act alien*
17 *clerks and employees in accordance with applicable pro-*
18 *visions of the Foreign Service Act of 1946, as amended*
19 *(22 U. S. C. 801).*

20 *SEC. 529. DETAIL OF PERSONNEL TO FOREIGN GOV-*
21 *ERNMENTS.—(a) Whenever the President determines it to*
22 *be consistent with and in furtherance of the purposes of this*
23 *Act, the head of any United States Government agency is*
24 *authorized to detail or assign any officer or employee of his*
25 *agency to any office or position to which no compensation*

1 is attached with any foreign government or foreign gov-
2 ernment agency: Provided, That such acceptance of office
3 shall in no case involve the taking of an oath of allegiance
4 to another government.

5 (b) Any such officer or employee, while so assigned
6 or detailed, shall be considered, for the purpose of preserving
7 his privileges, rights, seniority, or other benefits as such,
8 an officer or employee of the Government of the United
9 States and of the Government agency from which assigned
10 or detailed, and he shall continue to receive compensation,
11 allowances, and benefits from funds available to that agency
12 or made available to that agency out of funds authorized
13 under this Act.

14 SEC. 530. DETAIL OF PERSONNEL TO INTERNATIONAL
15 ORGANIZATIONS.—(a) Whenever the President determines
16 it to be consistent with and in furtherance of the purposes of
17 this Act, the head of any United States Government agency
18 is authorized to detail, assign, or otherwise make available to
19 any international organization any officer or employee of his
20 agency to serve with or as a member of the international staff
21 of such organization, or to render any technical, scientific or
22 professional advice or service to or in cooperation with such
23 organization.

24 (b) Any such officer or employee, while so assigned or
25 detailed, shall be considered, for the purpose of preserving

1 his allowances, privileges, rights, seniority and other bene-
2 fits as such, an officer or employee of the Government of
3 the United States and of the Government agency from
4 which detailed or assigned, and he shall continue to receive
5 compensation, allowances, and benefits from funds avail-
6 able to that agency or made available to that agency out
7 of funds authorized under this Act. He may also receive,
8 under such regulations as the President may prescribe,
9 representation allowances similar to those allowed under
10 section 901 of the Foreign Service Act of 1946, as amended
11 (22 U. S. C. 801). The authorization of such allowances
12 and other benefits and the payment thereof out of any
13 appropriations available therefor shall be considered as meet-
14 ing all the requirements of section 1765 of the Revised
15 Statutes.

16 (c) Details or assignments may be made under this
17 section—

18 (1) without reimbursement to the United States
19 by the international organization;

20 (2) upon agreement by the international organiza-
21 tion to reimburse the United States for compensation,
22 travel expenses, and allowances, or any part thereof,
23 payable to such officer or employee during the period of
24 assignment or detail in accordance with subsection (b)
25 of this section; and such reimbursement shall be credited

1 to the appropriation, fund, or account utilized for paying
2 such compensation, travel expenses, or allowances, or to
3 the appropriation, fund, or account currently available
4 for such purposes;

5 (3) upon an advance of funds, property, or services
6 to the United States accepted with the approval of the
7 President for specified uses in furtherance of the purposes
8 of this Act; and funds so advanced may be established as
9 a separate fund in the Treasury of the United States, to
10 be available for the specified uses, and to be used for re-
11 imbursement of appropriations or direct expenditure sub-
12 ject to the provisions of this Act, any unexpended bal-
13 ance of such account to be returned to the international
14 organization; or

15 (4) subject to the receipt by the United States of
16 a credit to be applied against the payment by the United
17 States of its share of the expenses of the international
18 organization to which the officer or employee is detailed,
19 such credit to be based upon the compensation, travel
20 expenses and allowances, or any part thereof, payable to
21 such officer or employee during the period of assignment
22 or detail in accordance with subsection (b) of this
23 section.

24 SEC. 531. EXPERTS AND CONSULTANTS OR ORGAN-
25 IZATIONS THEREOF.—(a) Experts and consultants or or-

1 *ganizations thereof, as authorized by section 15 of the Act of*
2 *August 2, 1946 (5 U. S. C. 55a), may be employed by any*
3 *United States Government agency for the performance of*
4 *functions under this Act, and individuals so employed may be*
5 *compensated at rates not in excess of \$75 per diem, and while*
6 *away from their homes or regular places of business, they may*
7 *be paid actual travel expenses and per diem in lieu of subsist-*
8 *ence and other expenses at a rate not to exceed \$10 while so*
9 *employed within the continental limits of the United States*
10 *and at the applicable rate prescribed in the Standardized*
11 *Government Travel Regulations (Foreign Areas) while so*
12 *employed outside the continental limits of the United States.*

13 *(b) Persons of outstanding experience and ability may*
14 *be employed without compensation by any United States*
15 *Government agency for the performance of functions under*
16 *this Act in accordance with the provisions of section 710*
17 *(b) of the Defense Production Act of 1950, as amended*
18 *(50 U. S. C. App. 2160), and regulations issued there-*
19 *under.*

20 *(c) Notwithstanding section 9 of the Act of March 4,*
21 *1909 (31 U. S. C. 673), such advisory committees may be*
22 *appointed as may be determined to be necessary or desirable*
23 *to effectuate the purposes of this Act.*

24 *SEC. 532. SECURITY CLEARANCE.—No citizen or resi-*
25 *dent of the United States may be employed, or if already*

1 employed, may be assigned to duties by the Director under
2 this Act for a period to exceed three months unless—

3 (a) such individual has been investigated as to
4 loyalty and security by the Civil Service Commission, or
5 by the Federal Bureau of Investigation in the case of
6 specific positions which have been certified by the Direc-
7 tor as being of a high degree of importance or sensitivity
8 or in case the Civil Service Commission investigation
9 develops data reflecting that the individual is of ques-
10 tionable loyalty, and a report thereon has been made
11 to the Director, and until the Director has certified in
12 writing (and filed copies thereof with the Senate Com-
13 mittee on Foreign Relations and the House Committee
14 on Foreign Affairs) that, after full consideration of such
15 report, he believes such individual is loyal to the United
16 States, its Constitution, and form of government, and
17 is not now and has never knowingly been a member of
18 any organization advocating contrary views; or

19 (b) such individual has been investigated by a mili-
20 tary intelligence agency and the Secretary of Defense
21 has certified in writing that he believes such individual is
22 loyal to the United States and filed copies thereof with
23 the Senate Committee on Foreign Relations and the
24 House Committee on Foreign Affairs.

25 This section shall not apply in the case of any officer

1 appointed by the President by and with the advice and con-
2 sent of the Senate, nor shall it apply in the case of any
3 person already employed under programs covered by this
4 Act who has been previously investigated in connection with
5 such employment.

6 SEC. 533. EXEMPTION OF PERSONNEL FROM CER-
7 TAIN FEDERAL LAWS.—(a) Service of an individual as
8 a member of a board or committee established pursuant to sec-
9 tion 308, 527, or 531 (c) of this Act or as an expert or con-
10 sultant under section 531 (a) shall not be considered as serv-
11 ice or employment bringing such individual within the
12 provisions of title 18, U. S. C., section 281, 283 or 284,
13 or of section 190 of the Revised Statutes (5 U. S. C.
14 99), or of any other Federal law imposing restrictions,
15 requirements, or penalties in relation to the employ-
16 ment of persons, the performance of services, or the pay-
17 ment or receipt of compensation in connection with any
18 claim, proceeding, or matter involving the United States,
19 except insofar as such provisions of law may prohibit any
20 such individual from receiving compensation in respect of
21 any particular matter in which such individual was directly
22 involved in the performance of such service; nor shall such
23 service be considered as employment or holding of office
24 or position bringing such individual within the provisions
25 of section 6 of the Act of May 22, 1920, as amended (5

1 *U. S. C. 715), section 212 of the Act of June 30, 1932,*
 2 *as amended (5 U. S. C. 59a), or any other Federal law lim-*
 3 *iting the reemployment of retired officers or employees or gov-*
 4 *erning the simultaneous receipt of compensation and retired*
 5 *pay or annuities.*

6 *(b) Notwithstanding section 2 of the Act of July 31,*
 7 *1894 (5 U. S. C. 62), which prohibits certain retired offi-*
 8 *cers from holding certain office, any retired officer of any of*
 9 *the services mentioned in the Career Compensation Act of*
 10 *1949 may hold any office or appointment under this Act or*
 11 *the Mutual Defense Assistance Control Act of 1951, but the*
 12 *compensation of any such retired officer shall be subject to*
 13 *the provisions of the Act of June 30, 1932 (5 U. S. C.*
 14 *59a), which does not permit retired pay to be added to the*
 15 *compensation received as a civilian officer.*

16 *SEC. 534. WAIVERS OF CERTAIN FEDERAL LAWS.—*
 17 *Whenever the President determines it to be in furtherance of*
 18 *purposes declared in this Act, the functions authorized under*
 19 *this Act may be performed without regard to such provisions*
 20 *of law regulating the making, performance, amendment, or*
 21 *modification of contracts and the expenditure of Govern-*
 22 *ment funds as the President may specify.*

23 *SEC. 535. REPORTS.—The President, from time to time*
 24 *while funds appropriated for the purpose of this Act con-*
 25 *tinue to be available for obligation, shall transmit to the*

1 Congress reports covering each six months of operations, in
2 furtherance of the purposes of this Act, except information
3 the disclosure of which he deems incompatible with the
4 security of the United States. Reports provided for under
5 this section shall be transmitted to the Secretary of the
6 Senate or the Clerk of the House of Representatives, as the
7 case may be, if the Senate or the House of Representatives,
8 as the case may be, is not in session. Such reports shall
9 include detailed information on the implementation of sections
10 504 and 414 (b) of this Act.

11 SEC. 536. COOPERATION WITH INTERNATIONAL OR-
12 GANIZATIONS.—(a) The President is authorized to request
13 the cooperation of or the use of the services and facilities of
14 the United Nations, its organs and specialized agencies, or
15 other international organizations, in carrying out the pur-
16 poses of this Act, and may make payments by advancements
17 or reimbursements, for such purposes, out of funds made
18 available for the purposes of this Act, as may be necessary
19 therefor, to the extent that special compensation is usually
20 required for such services and facilities: Provided, That
21 nothing in this section shall be construed to authorize the
22 delegation to any international or foreign organization or
23 agency of authority to decide the method of furnishing assist-
24 ance under this Act to any country or the amount thereof.

25 (b) Whenever the President determines it to be in

1 furtherance of the purposes of this Act, United States
2 Government agencies, on request of international organiza-
3 tions, are authorized to furnish supplies, materials, and serv-
4 ices, on an advance of funds or reimbursement basis, to such
5 organizations. Such advances or reimbursements may be
6 credited to the current applicable appropriation or fund of
7 the agency concerned and shall be available for the purposes
8 for which such appropriations and funds are authorized to be
9 used.

10 *SEC. 537. JOINT COMMISSION ON RURAL RECON-*
11 *STRUCTION IN CHINA.*—The President is authorized to con-
12 tinue to participate in the Joint Commission on Rural Re-
13 construction in China and to appoint citizens of the United
14 States to the Commission.

15 *CHAPTER 3. REPEAL AND MISCELLANEOUS PROVISIONS*

16 *SEC. 541. EFFECTIVE DATE.*—This Act shall take effect
17 on the date of its enactment.

18 *SEC. 542. STATUTES REPEALED.*—(a) There are
19 hereby repealed—

20 (1) an Act to provide for assistance to Greece and
21 Turkey, approved May 22, 1947, as amended;

22 (2) the joint resolution to provide for relief assist-
23 ance to the people of the countries devastated by war, ap-
24 proved May 31, 1947, as amended;

25 (3) the Foreign Aid Act of 1947;

1 (4) *the Foreign Assistance Act of 1948, as*
2 *amended; including the Economic Cooperation Act of*
3 *1948, as amended, the International Children's Emer-*
4 *gency Fund Assistance Act of 1948, as amended, the*
5 *Greek-Turkish Assistance Act of 1948, and the China*
6 *Aid Act of 1948, as amended;*

7 (5) *the Mutual Defense Assistance Act of 1949,*
8 *as amended;*

9 (6) *the Foreign Economic Assistance Act of 1950,*
10 *as amended; including the Economic Cooperation Act*
11 *of 1950, the China Area Aid Act of 1950, as amended,*
12 *the United Nations Palestine Refugee Aid Act of 1950,*
13 *and the Act for International Development, as amended;*

14 (7) *the Far Eastern Economic Assistance Act of*
15 *1950, as amended;*

16 (8) *the Yugoslav Emergency Relief Assistance*
17 *Act of 1950;*

18 (9) *the Mutual Security Act of 1951, as amended;*

19 (10) *the Mutual Security Act of 1952;*

20 (11) *the Mutual Security Act of 1953;*

21 (12) *section 12 of the joint resolution of Congress*
22 *approved November 4, 1939 (54 Stat. 10; 22 U. S. C.*
23 *452);*

1 (13) section 4 of the Act of March 3, 1925 (50
2 Stat. 887; 50 U. S. C. 165); and

3 (14) section 968 of title 18, United States Code.

4 (b) References in other Acts to the Acts listed in sub-
5 section (a) shall hereafter be considered to be references to
6 the appropriate provisions of this Act.

7 (c) The repeal of the Acts listed in subsection (a)
8 shall not be deemed to affect amendments contained in such
9 Acts to Acts not named in subsection (a).

10 SEC. 543. SAVING PROVISIONS.—

11 (a) Except as may be expressly provided to the con-
12 trary in this Act, all determinations, authorizations, regula-
13 tions, orders, contracts, agreements, and other actions is-
14 sued, undertaken or entered into under authority of any
15 provision of law repealed by section 542 shall continue in
16 full force and effect until modified by appropriate authority.

17 (b) Where provisions of this Act establish conditions
18 which must be complied with before use may be made of au-
19 thority contained in or funds authorized by this Act, com-
20 pliance with substantially similar conditions under Acts
21 named in section 542 shall be deemed to constitute compli-
22 ance with the conditions established by this Act.

23 (c) No person in the service or employment of the
24 United States or otherwise performing functions under an

1 *Act repealed by section 542 or under section 408 shall be re-*
 2 *quired to be reappointed or reemployed by reason of the*
 3 *entry into force of this Act, except that appointments made*
 4 *pursuant to section 110 (a) (2) of the Economic Coopera-*
 5 *tion Act of 1948, as amended, shall be converted to appoint-*
 6 *ments under section 528 (c) of this Act.*

7 *SEC. 544. AMENDMENTS TO OTHER LAWS.—(a) Title*
 8 *X of the United States Information and Educational Ex-*
 9 *change Act of 1948, as amended (22 U. S. C. 1431), is*
 10 *amended by adding the following new section:*

11 *“INFORMATIONAL MEDIA GUARANTIES*

12 *“SEC. 1011. The Director of the United States Infor-*
 13 *mation Agency may make guaranties, in accordance with*
 14 *the provisions of subsection (b) of section 414 of the Mutual*
 15 *Security Act of 1954, of investments in enterprises producing*
 16 *or distributing informational media consistent with the na-*
 17 *tional interests of the United States against funds heretofore*
 18 *made available by notes issued to the Secretary of the Treas-*
 19 *ury pursuant to section 111 (c) (2) of the Economic Co-*
 20 *operation Act of 1948, as amended, for purposes of*
 21 *guaranties of investments: Provided, however, That the*
 22 *amount of such guaranties in any fiscal year shall be deter-*
 23 *mined by the President but shall not exceed \$10,000,000.”*

24 *(b) Section 1 of Public Law 283, Eighty-first Congress,*

1 *is repealed. The Institute of Inter-American Affairs, cre-*
 2 *ated pursuant to Public Law 369, Eightieth Congress (22*
 3 *U. S. C. 281), shall have succession until June 30, 1960,*
 4 *and may make contracts for periods not to exceed five*
 5 *years: Provided, That any contract extending beyond June*
 6 *30, 1960, shall be made subject to termination by the said*
 7 *Institute upon notice: And provided further, That the said*
 8 *Institute shall, on and after July 1, 1954, be subject to the*
 9 *applicable provisions of the Budget and Accounting Act,*
 10 *1921, as amended (31 U. S. C. 1), in lieu of the provisions*
 11 *of the Government Corporation Control Act, as amended*
 12 *(31 U. S. C. 841).*

13 *SEC. 545. DEFINITIONS.—For the purposes of this*
 14 *Act—*

15 *(a) The term “commodity” includes any commodity,*
 16 *material, article, supply, or goods.*

17 *(b) The term “surplus agricultural commodity” means*
 18 *any agricultural commodity or product thereof, class, kind,*
 19 *type, or other specification thereof, produced in the United*
 20 *States either publicly or privately owned, which is in excess*
 21 *of domestic requirements, adequate carryover, and antici-*
 22 *pated exports for dollars, as determined by the Secretary of*
 23 *Agriculture.*

24 *(c) The terms “equipment” and “materials” shall mean*

1 any arms, ammunition, or implements of war, or any other
2 type of material, article, raw material, facility, tool, ma-
3 chine, supply or item that would further the purpose of
4 chapter 1 of title I, or any component or part thereof, used
5 or required for use in connection therewith, or required
6 in or for the manufacture, production, processing, storage,
7 transportation, repair, or rehabilitation of any equipment
8 or materials, but shall not include merchant vessels.

9 (d) The term "mobilization reserve", as used with re-
10 spect to any equipment or materials, means the quantity of
11 such equipment or materials determined by the Secretary of
12 Defense under regulations prescribed by the President to be
13 required to support mobilization of the Armed Forces of the
14 United States in the event of war or national emergency
15 until such time as adequate additional quantities of such
16 equipment or materials can be procured.

17 (e) The term "excess", as used with respect to any
18 equipment or materials, means the quantity of such equip-
19 ment or materials owned by the United States which is
20 in excess of the mobilization reserve of such equipment or
21 materials.

22 (f) The term "services" shall include any service,
23 repair, training of personnel, or technical or other assist-

1 *ance or information necessary to effectuate the purposes*
2 *of this Act.*

3 *(g) The term "Armed Forces of the United States"*
4 *shall include any component of the Army of the United*
5 *States, of the United States Navy, of the United States*
6 *Marine Corps, of the Air Force of the United States, of the*
7 *United States Coast Guard, and the Reserve components*
8 *thereof.*

9 *(h) The term "value" means—*

10 *(1) with respect to any excess equipment or mate-*
11 *rials furnished under chapter 1 of title I, the gross cost*
12 *of repairing, rehabilitating, or modifying such equip-*
13 *ment or materials prior to being so furnished;*

14 *(2) with respect to any nonexcess equipment or*
15 *materials furnished under chapter 1 of title I which are*
16 *taken from the mobilization reserve (other than equip-*
17 *ment or materials referred to in paragraph (3) of this*
18 *subsection), the actual or the projected (computed as*
19 *accurately as practicable) cost of procuring for the mo-*
20 *bilization reserve an equal quantity of such equipment*
21 *or materials or an equivalent quantity of equipment or*
22 *materials of the same general type but deemed to be*
23 *more desirable for inclusion in the mobilization reserve*
24 *than the equipment or material furnished;*

25 *(3) with respect to any nonexcess equipment or*

1 materials furnished under chapter 1 of title I which are
2 taken from the mobilization reserve but with respect to
3 which the Secretary of Defense has certified that it is
4 not necessary fully to replace such equipment or mate-
5 rials in the mobilization reserve, the gross cost to the
6 United States of such equipment and materials or its
7 replacement cost, whichever the Secretary of Defense
8 may specify; and

9 (4) with respect to any equipment or materials
10 furnished under chapter 1 of title I which are procured
11 for the purpose of being so furnished, the gross cost to
12 the United States of such equipment and materials.

13 In determining the gross cost incurred by any agency in
14 repairing, rehabilitating, or modifying any excess equip-
15 ment furnished under chapter 1 of title I, all parts, acces-
16 sories, or other materials used in the course of repair, re-
17 habilitation, or modification shall be priced in accordance
18 with the current standard pricing policies of such agency.

19 For the purpose of this subsection, the gross cost of any
20 equipment or materials taken from the mobilization reserve
21 means either the actual gross cost to the United States of
22 that particular equipment or materials or the estimated gross
23 cost to the United States of that particular equipment or
24 materials obtained by multiplying the number of units of such
25 particular equipment or materials by the average gross cost of

1 each unit of that equipment and materials owned by the
2 furnishing agency.

3 (i) The term "United States Government agency" means
4 any department, agency, board, wholly or partly owned cor-
5 poration, or instrumentality, commission, or establishment of
6 the United States Government.

7 (j) The term "nation" shall include, where appropriate,
8 any country, territory, or joint control area.

9 SEC. 546. CONSTRUCTION.—(a) If any provision of
10 this Act or the application of any provision to any circum-
11 stances or persons shall be held invalid, the validity of the
12 remainder of the Act and applicability of such provision to
13 other circumstances or persons shall not be affected thereby.

14 (b) Nothing in this Act shall alter, amend, revoke,
15 repeal, or otherwise affect the provisions of the Atomic Energy
16 Act of 1946, as amended (42 U. S. C. 1801).

17 (c) Nothing in this Act is intended nor shall it be
18 construed as an expressed or implied commitment to pro-
19 vide any specific assistance, whether of funds, commodities,
20 or services, to any nation or nations, or to any inter-
21 national organization.

Passed the House of Representatives June 30, 1954.

Attest:

LYLE O. SNADER,

Clerk.

[Report No. 1799]

AN ACT

To promote the security and foreign policy of the United States by furnishing assistance to friendly nations, and for other purposes.

JULY 1 (legislative day, JUNE 22), 1954

Read twice and referred to the Committee on
Foreign Relations

JULY 13 (legislative day, JULY 2), 1954

Reported with an amendment, and referred to the
Committee on Armed Services

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued July 19, 1954
For actions of July 16 and 17, 1954
83rd-2nd, Nos. 133 and 134

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HIGHLIGHTS: Conferees agreed on watershed bill and housing bill. House committee reported supplemental appropriation bill. House committees voted to report bills to increase CCC borrowing authority and to increase pay and provide other benefits to Federal employees. Senate committee reported foreign aid bill. Sen. Beall commended administration's farm program.

SENATE - July 16

1. **ATOMIC ENERGY.** Continued debate on S. 3690, to make various amendments to the Atomic Energy Act. Much of the discussion related to TVA. (pp. 10158-73, 10176-202, 10207-8, 10210-21.)
2. **FOREIGN AID.** The Armed Services Committee reported without further amendment H. R. 9678, the mutual security authorization bill for 1955 (S. Rept. 1816)(p. 10152).
3. **NOMINATION** of Clarence A. Davis, to be Under Secretary of the Interior, was received (p. 10221).
4. **FARM PROGRAM.** Sen. Beall commended the Administration's farm program and said it would bring more prosperity to farmers (pp. 10202-4).
5. **DAIRY INDUSTRY.** Sen. Wiley inserted a News for Dairy Co-ops article describing the meetings of the American Institute of Cooperatives at Cornell (p. 10157).
6. **SOIL CONSERVATION.** The "Daily Digest" states: "Conferees, in executive session,

agreed to file a conference report on...H. R. 6788, to authorize the Secretary of Agriculture to cooperate with States and local agencies in the planning and carrying out of works of improvement for soil conservation. As agreed, the conferees substantially accepted the Senate version of the bill with the following major changes:

"(1) Struck out provision that dams providing a total capacity of 2,000 to 5,000 acre-feet must be approved by Congress, and substituted therefor a provision barring appropriations for plans including structures having total capacity of between 2,500 and 5,000 acre-feet, unless approved by the Senate and House Committees on Agriculture;

"(2) Provided that the Secretary of Agriculture could proceed on applications of local organizations unless such application had been disapproved by the authorized State agency or governor within 45 days after submission of such application; and

"(3) Authorized the Secretary of Agriculture to contract for construction of works of improvement until July 1, 1956, in those States in which local organizations do not have authority to enter into such contracts." (pp. D850-1.)

7. HOUSING LOANS. The conferees agreed to file a report on H. R. 7839, the omnibus housing bill, which includes a provision continuing the farm housing program administered by this Department (p. D850).

HOUSE - July 16

8. CCC BORROWING AUTHORITY. The Banking and Currency Committee ordered reported H. R. 9756, to increase the borrowing authority of CCC from \$8.5 billion to \$10 billion (p. D849).
9. LAND TRANSFER. The Agriculture Committee ordered reported H. J. Res. 550, to release the reversionary rights to a tract of former FHA land in Kern County, Calif. (pp. D848-9).
10. CREDIT UNIONS. A subcommittee of the D. C. Committee approved for reporting to the full committee S. 3683, transferring supervision of D. C. credit unions from the Comptroller of the Currency (Treasury Department) to the Bureau of Federal Credit Unions (HEW Department)(p. D849).
11. PERSONNEL. The Post Office and Civil Service Committee voted to report H. R. 5718, to limit the period for collection by the U. S. of compensation received by officers and employees in violation of the dual compensation laws (p. D850).
The Committee also approved a subcommittee report on performance rating plans (p. D850).
The "Daily Digest" states: "Committee on Post Office and Civil Service: Ordered reported favorably to the House S. 2665, the Federal employees' pay and classification bill for 1954 (the so-called fringe benefits bill). A committee amendment strikes out the Senate text and inserts language approved by the committee during consideration of Chairman Rees' bill, H. R. 8093. The committee amendment provides —
"A 5-percent increase on the minimum rate of each grade, through grade GS-17, of all employees paid under the Classification Act of 1949, with a minimum increase to each employee of \$180 a year. The bill also provides an increase of 5 percent for legislative employees...
"Makes certain additional changes in premium compensation, leave, longevity, uniform allowance, and other employee benefits.
"The number of supergrade positions provided by the Classification Act (now 400) is increased to 550, apportioned as follows: GS-18, 31; GS-17, 123; and GS-16, 396.

Calendar No. 1831

83D CONGRESS
2d Session

}

SENATE

}

REPORT
No. 1816

THE MUTUAL SECURITY ACT OF 1954

JULY 16 (legislative day, JULY 2), 1954.—Ordered to be printed

Mr. SALTONSTALL, from the Committee on Armed Services, submitted the following

REPORT

[To accompany H. R. 9678]

The Committee on Armed Services, to whom was referred the bill (H. R. 9678) to promote the security and foreign policy of the United States by furnishing assistance to friendly nations, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

COMMITTEE COMMENT ON THE BILL

The Committee on Armed Services received testimony in executive session from representatives of the Department of Defense, the Department of State, and the Administrator of Foreign Operations Administration. Throughout the hearings emphasis was focused primarily upon the military aspects of the program to be authorized by H. R. 9678, and especially the degree to which such military aspects mesh with the scope and progress of programs looking toward the buildup of our own forces and their deployment.

The testimony given to the committee justifies the conclusion that the programs contemplated by H. R. 9678 are well integrated with military programs being participated in by our own forces. Insofar as military considerations are concerned the effect of the legislation is clearly to enhance and strengthen our own national security.

RESERVATIONS ON INDIVIDUAL PROVISIONS OF THE BILL

The committee received extensive testimony from the Chairman of the Joint Chiefs of Staff with respect to the effects of section 503 (b) of the bill. As the spokesman for those responsible for our Nation's military security, Admiral Radford urged that the prescribing of a

termination date in the manner followed in this section of the bill creates the impression that all military assistance to friendly nations is to cease as of the specified termination date except for liquidation periods of 12 months and 24 months. He also felt that these liquidation periods themselves were too short.

Although the committee was impressed by this testimony, there was much difference of opinion as to the exact solution. Furthermore, the committee felt that as practical matter this section of the bill would be extensively debated on the floor of the Senate, regardless of whether the section was left in the bill in its present form, was amended, or was stricken from the bill when reported by the committee. The committee therefore felt that no useful purpose would be served by keeping the bill in committee for the period of time necessary to reconcile the differing views and to formulate the necessary changes of language. For that reason the committee concluded that it would better serve the interests of prompt and orderly procedure to report the bill without formal amendment to this section, but with a clear understanding that members of the committee reserved freedom of action with respect to this section of the bill.



Calendar No. 1831

83^D CONGRESS
2^D SESSION

H. R. 9678

[Report No. 1799]

[Report No. 1816]

IN THE SENATE OF THE UNITED STATES

JULY 1 (legislative day, JUNE 22), 1954

Read twice and referred to the Committee on Foreign Relations

JULY 13 (legislative day, JULY 2), 1954

Reported by Mr. WILEY, with an amendment, and referred to the Committee on
Armed Services

[Strike out all after the enacting clause and insert the part printed in italic]

JULY 16 (legislative day, JULY 2), 1954

Reported by Mr. SALTONSTALL, without additional amendment

AN ACT

To promote the security and foreign policy of the United States
by furnishing assistance to friendly nations, and for other
purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Mutual Security Act
4 of 1954".

5 TITLE I—MUTUAL DEFENSE ASSISTANCE

6 CHAPTER 1. MILITARY ASSISTANCE

7 SEC. 101. PURPOSE OF CHAPTER.—The Congress of
8 the United States reaffirms the policy of the United States
9 to achieve international peace and security through the
10 United Nations so that armed force shall not be used ex-

cept in the common defense. The Congress hereby finds that the efforts of the United States and other nations to promote peace and security require additional measures of support based upon the principle of continuous and effective self-help and mutual aid. It is the purpose of this chapter to authorize measures in the common defense, including the furnishing of military assistance to friendly nations and international organizations in order to promote the foreign policy, security, and general welfare of the United States and to facilitate the effective participation of such nations in arrangements for individual and collective self-defense. In furnishing such military assistance, it remains the policy of the United States to continue to exert maximum efforts to achieve universal control of weapons of mass destruction and universal regulation and reduction of armaments, including armed forces, under adequate safeguards to protect complying nations against violation and evasion.

The Congress reaffirms its previous expressions favoring the creation by the free peoples of the Far East and the Pacific of a joint organization, consistent with the Charter of the United Nations, to establish a program of self-help and mutual cooperation designed to develop their economic and social well-being, to safeguard basic rights and liberties and to protect their security and independence.

1 SEC. 102. GENERAL AUTHORITY.—Military assistance
2 may be furnished under this chapter on a grant or loan
3 basis and upon such other appropriate terms as may be
4 agreed upon, by the procurement from any source and the
5 transfer to eligible nations and international organizations of
6 equipment, materials, and services or by the provision of any
7 service, including the assignment or detail of members of
8 the Armed Forces and other personnel of the Department
9 of Defense solely to assist in an advisory capacity or to per-
10 form other duties of a noncombatant nature, including mili-
11 tary training or advice.

12 SEC. 103. AUTHORIZATIONS.—(a) There is hereby
13 authorized to be appropriated to the President, in addition
14 to appropriations authorized by sections 104 and 105, not
15 to exceed \$1,430,300,000 to carry out the purpose of this
16 chapter; and, in addition, unexpended balances of appropria-
17 tions for military assistance under each paragraph of the
18 Mutual Security Appropriation Act, 1954 (except the ap-
19 propriation for mutual special weapons planning), are hereby
20 authorized to be continued available for the purpose of this
21 chapter and to be consolidated with the appropriation
22 authorized by this subsection; all of which is hereby author-
23 ized to be continued available through June 30, 1955.

24 (b) Funds made available pursuant to subsection (a)
25 of this section shall be available for the administrative and

1 operating expenses of carrying out the purpose of this
2 chapter including expenses incident to United States partici-
3 pation in international security organizations.

4 ~~(c)~~ Funds made available pursuant to subsection ~~(a)~~
5 of this section may be used for the procurement of equip-
6 ment or materials outside the United States unless the
7 President determines that such procurement will result
8 in one or more of the following conditions:

9 ~~(1)~~ Adverse effects upon the economy of the
10 United States, with special reference to any areas of
11 labor surplus, or upon the industrial mobilization base,
12 which outweigh the strategic and logistic advantages
13 to the United States of procurement abroad;

14 ~~(2)~~ Production of such equipment or materials
15 outside the United States under inadequate safeguards
16 against sabotage or the release to potential enemies
17 of information detrimental to the security of the
18 United States;

19 ~~(3)~~ Unjustifiable cost in comparison with pro-
20 curement in the United States, taking into account
21 transportation costs for delivery overseas; and

22 ~~(4)~~ Delays in delivery incompatible with United
23 States defense objectives.

24 SEC. 104. INFRASTRUCTURE.—~~(a)~~ The President is
25 authorized to make contributions to infrastructure programs

1 of the North Atlantic Treaty Organization, in accordance
2 with agreements already made between the member na-
3 tions, out of funds made available pursuant to this section,
4 or section 103, or chapter IX of the Supplemental Appro-
5 priation Act, 1953, of amounts totaling not more than
6 \$780,000,000, less amounts already contributed for such
7 purpose. There is hereby authorized to be appropriated
8 to the President for such purpose, in installments prior to
9 June 30, 1958, not to exceed \$321,000,000, to remain
10 available until expended. Such contributions by the United
11 States shall not exceed its proportionate share, as hereto-
12 fore agreed upon, of the expenses of such programs.

13 (b) When the President determines that it is in the
14 interest of the security of the United States to participate
15 in programs for the acquisition or construction of facili-
16 ties in foreign nations for collective defense other than pro-
17 grams of the North Atlantic Treaty Organization, he may
18 use for such purpose funds made available under section 103
19 or local currencies made available under section 402 in
20 amounts totaling not more than \$50,000,000.

21 (c) Notwithstanding section 501 of this Act, no funds
22 other than those referred to in subsections (a) and (b)
23 of this section may be expended for the purposes of this
24 section. No funds shall be expended under this section for
25 rental or purchase of land or for payment of taxes.

1 SEC. 105. DEVELOPMENT OF WEAPONS OF ADVANCED
2 DESIGN.—The unexpended balance of the appropriation
3 made pursuant to section 542 of the Mutual Security Act of
4 1951, as amended, is authorized to be continued available
5 until expended, for the purpose of encouraging and expedit-
6 ing the development of weapons of advanced design by
7 nations or international organizations eligible to receive
8 military assistance under this chapter. Notwithstanding any
9 other provisions of this Act, funds continued available pur-
10 suant to this section may be used only for the purpose of
11 this section.

12 SEC. 106. CONDITIONS APPLICABLE TO MILITARY
13 ASSISTANCE.—(a) Military assistance may be furnished
14 under this chapter to any nation whose increased ability to
15 defend itself the President shall have determined to be im-
16 portant to the security of the United States and which is
17 otherwise eligible to receive such assistance. Equipment and
18 materials furnished under this chapter shall be made available
19 solely to maintain the internal security and legitimate self-
20 defense of the recipient nation, or to permit it to participate
21 in the defense of its area or in collective security arrange-
22 ments and measures consistent with the Charter of the United
23 Nations. The President shall be satisfied that such equip-
24 ment and materials will not be used to undertake any act of
25 aggression against any nation.

1 ~~(b)~~ In addition to the authority and limitations con-
2 tained in the preceding subsection, the following provisions
3 shall apply to particular areas:

4 ~~(1)~~ In order to promote an integrated defense of the
5 North Atlantic area and to support concrete measures for
6 political federation, military integration, and economic
7 unification in Europe, equipment and materials of the value
8 programed for fiscal years 1954 and 1955 for nations
9 signing the treaty constituting the European Defense Com-
10 munity shall, pending the coming into force of the treaty, be
11 delivered only to such of these nations as have ratified the
12 treaty, and have joined together in or are developing col-
13 lective defense programs in a manner satisfactory to the
14 United States as determined by the President.

15 ~~(2)~~ Military assistance furnished to any nation in the
16 Near East, Africa, and South Asia to permit it to partici-
17 pate in the defense of its area shall be furnished only in
18 accordance with plans and arrangements which shall have
19 been found by the President to require the recipient nation
20 to take an important part therein.

21 ~~(3)~~ In furnishing military assistance in the Far East
22 and the Pacific and in carrying out the provisions of section
23 121 of this Act, the President shall give the fullest assistance
24 to the free peoples in that area, in their creation of a joint or-
25 ganization, consistent with the Charter of the United Na-

1 tions, to establish a program of self-help and mutual coop-
2 eration designed to develop their economic and social well-
3 being, to safeguard basic rights and liberties, and to protect
4 their security and independence.

5 ~~(4)~~ Military assistance may be furnished to the other
6 American Republics only in accordance with defense plans
7 which shall have been found by the President to require
8 the recipient nation to participate in missions important to
9 the defense of the Western Hemisphere.

10 ~~(c)~~ The Secretary of Defense shall insure that the value
11 ~~(as determined pursuant to section 545)~~ of equipment, ma-
12 terials, and services heretofore furnished under military as-
13 sistance programs authorized by Acts repealed by this Act or
14 hereafter furnished pursuant to section 103 ~~(a)~~ to nations
15 or organization in each of the four areas named in this sub-
16 section shall not exceed the total of the funds heretofore
17 made available for military assistance in that area pursuant
18 to Acts repealed by this Act plus the amount herein speci-
19 fied for that area:

20 ~~(1)~~ In the European area ~~(excluding Greece and Tur-~~
21 ~~key)~~, \$617,500,000.

22 ~~(2)~~ In the Near East, Africa, and South Asia,
23 \$181,200,000.

24 ~~(3)~~ In the Far East and the Pacific, \$583,600,000.

25 ~~(4)~~ In the Western Hemisphere, \$13,000,000.

1 ~~(d)~~ Whenever the President determines it to be nec-
 2 essary for the purpose of this title, equipment, materials,
 3 and services of a value not to exceed 10 per centum of the
 4 sum of ~~(1)~~ that portion of the unexpended balances re-
 5 ferred to in section 103 ~~(a)~~ which was available on June 30,
 6 1954, to furnish assistance in any of the areas named in
 7 subsection ~~(c)~~ of this section, and ~~(2)~~ the amount specified
 8 in the applicable paragraph of subsection ~~(c)~~ of this sec-
 9 tion for additional assistance in such area, may be fur-
 10 nished in any other such area or areas, notwithstanding
 11 the limitations set forth in subsection ~~(c)~~ of this section.
 12 Funds heretofore obligated or programmed or hereafter made
 13 available solely for the purpose of section 104 ~~(pertain-~~
 14 ~~ing to infrastructure)~~ or section 105 ~~(pertaining to the~~
 15 ~~development of weapons of advanced design)~~ shall not be
 16 included in the total fixed for each such area. Funds here-
 17 to fore appropriated for military assistance in a particu-
 18 lar geographic area but transferred from such use under
 19 section 513 of the Mutual Security Act of 1951, as amended,
 20 or under section 408 ~~(c)~~ of the Mutual Defense Assis-
 21 tance Act, shall be included in the total for the area for
 22 the benefits of which such transfer was made, and not in
 23 the total for the area from which the transfer was made.

24 SEC. 107. SALE OF MILITARY EQUIPMENT, MATE-
 25 RIALS, AND SERVICES.—~~(a)~~ The President may, in order

1 to carry out the purpose of this chapter, sell or enter into
2 contracts (without requirement for charge to any appro-
3 priation or contract authorization) for the procurement for
4 sale of equipment, materials, or services to any nation
5 or international organization: *Provided*, That prior to the
6 transfer of any such equipment, materials, or services to
7 any nation which has not signed an agreement under
8 section 142 of this Act or joined with the United States
9 in a regional collective defense arrangement, the President
10 shall have received commitments satisfactory to him that
11 such equipment, materials, or services are required for and
12 will be used by such nation solely to maintain its inter-
13 nal security, its legitimate self-defense, or to permit it to
14 participate in the defense of the area of which it is a
15 part, or in collective security arrangements and measures
16 consistent with the Charter of the United Nations, and that
17 it will not undertake any act of aggression against any other
18 state.

19 (b) Whenever equipment or materials are sold from
20 the stocks of or services are rendered by any United States
21 Government agency to any nation or international organi-
22 zation as provided in subsection (a), such nation or inter-
23 national organization shall first make available the fair value,
24 as determined by the President, of such equipment, materials,
25 or services before delivery or, when the President determines

1 it to be in the best interests of the United States, within sixty
2 days thereafter or, as determined by the President, within
3 a reasonable period not to exceed three years. The fair value
4 for the purpose of this subsection shall not be less than the
5 value as defined in subsection ~~(h)~~ of section 545: *Provided,*
6 That with respect to excess equipment or materials the fair
7 value may not be determined to be less than ~~(i)~~ the mini-
8 mum value specified in that subsection plus the scrap value,
9 or ~~(ii)~~ the market value, if ascertainable, whichever is the
10 greater. Before a contract for new production is entered
11 into, or rehabilitation work is undertaken, such nation or
12 international organization shall ~~(A)~~ provide the United
13 States with a dependable undertaking to pay the full amount
14 of such contract or the cost of such rehabilitation which will
15 assure the United States against any loss on the contract or
16 rehabilitation work, and ~~(B)~~ shall make funds available in
17 such amounts and at such times as may be necessary to meet
18 the payments required by the contract or the rehabilitation
19 work in advance of the time such payments are due, in
20 addition to the estimated amount of any damages and costs
21 that may accrue from the cancellation of such contract or
22 rehabilitation work.

23 ~~(c)~~ Sections 106, 141, and 142 shall not apply with
24 respect to assistance furnished under this section.

25 SEC. 108. WAIVERS OF LAW.—~~(a)~~ The President may

1 perform any of the functions authorized under this chapter
2 without regard to ~~(1)~~ the provisions of title 10, United
3 States Code, section 1262 ~~(a)~~, and title 34, United States
4 Code, section 546 ~~(c)~~; and ~~(2)~~ such provisions as he may
5 specify of the joint resolution of November 4, 1939 ~~(54~~
6 Stat. 4), as amended.

7 ~~(b)~~ Notwithstanding the provisions of Revised Statutes
8 1222 ~~(10 U. S. C. 576)~~, personnel of the Department of
9 Defense may be assigned or detailed to any civil office for the
10 purpose of enabling the President to furnish assistance under
11 this Act.

12 SEC. 109. TRANSFER OF MILITARY EQUIPMENT TO
13 JAPAN.—In addition to any program of military assistance
14 for which funds may be appropriated pursuant to this Act,
15 the President is hereby authorized to transfer to the Govern-
16 ment of Japan, until June 30, 1955, upon such terms and
17 conditions as he may specify, and upon its request, United
18 States military equipment and supplies programed for Japan
19 to meet its internal security requirements for which Depart-
20 ment of Defense appropriations were obligated prior to July
21 1, 1953.—No appropriation shall be requested to replace the
22 military equipment and supplies so transferred, and no funds
23 heretofore or hereafter appropriated for the purpose of this
24 chapter shall be available for reimbursement to any United

1 States Government agency on account of any transfer made
2 pursuant to this section.

3 CHAPTER 2—SOUTHEAST ASIA AND THE WESTERN
4 PACIFIC, AND DIRECT FORCES SUPPORT

5 SEC. 121. SOUTHEAST ASIA AND THE WESTERN
6 PACIFIC.—There is hereby authorized to be appropriated to
7 the President for the fiscal year 1955, to be made available
8 on such terms and conditions, including transfer of funds,
9 as he may specify, not to exceed \$800,000,000 for expenses
10 necessary for the support of the forces of the Associated
11 States of Cambodia, Laos, and Vietnam and the forces of
12 France located in such Associated States and for other ex-
13 penditures to accomplish in Southeast Asia and the Western
14 Pacific the policies and purposes declared in this Act. In
15 addition, the unexpended balances of funds allocated from
16 appropriations made pursuant to sections 304 and 540 of the
17 Mutual Security Act of 1951, as amended, for the purpose
18 of support of the forces of the Associated States of Cam-
19 bodia, Laos, and Vietnam and the forces of France located
20 in the Associated States, are hereby authorized to be con-
21 tinued available for the purpose of this section through
22 June 30, 1955, and to be consolidated with the appropria-
23 tion authorized by this section.

24 It is the sense of the Congress that no part of the funds

1 appropriated under this section shall be used on behalf of
2 governments which are committed by treaty to maintain
3 Communist rule over any defined territory of Asia.

4 SEC. 122. PRODUCTION FOR FORCES SUPPORT.—The un-
5 expended balances of appropriations made pursuant to sec-
6 tion 102 of the Mutual Security Act of 1951, as amended,
7 are hereby authorized to be continued available for their
8 original purposes through June 30, 1955.

9 SEC. 123. COMMON USE ITEMS.—There is hereby
10 authorized to be appropriated to the President for the
11 fiscal year 1955 not to exceed \$70,000,000 for the provi-
12 sion of any common-use equipment, materials, commodi-
13 ties, or services which are to be used by military forces
14 of nations receiving assistance under chapter 1 of this
15 title. Programs authorized by this section shall be ad-
16 ministered in accordance with the provisions of chapter 1
17 or chapter 3 of this title.

18 CHAPTER 3—DEFENSE SUPPORT

19 SEC. 131. GENERAL AUTHORITY.—(a) The President
20 is hereby authorized to furnish, to nations and organiza-
21 tions eligible to receive military assistance under chapter 1
22 of this title, commodities, services, and financial and other
23 assistance designed to sustain and increase military effort.
24 In furnishing such assistance, the President may provide
25 for the procurement and transfer from any source of any

1 commodity or service (including processing, storing, trans-
2 porting, marine insurance, and repairing) or any technical
3 information and assistance.

4 (b) There is hereby authorized to be appropriated to
5 the President for the fiscal year 1955 to carry out the
6 provisions of this section, not to exceed—

7 (1) \$45,000,000 for Europe (excluding Greece
8 and Turkey);

9 (2) \$81,850,000 for the Near East (including
10 Greece and Turkey), Africa, and South Asia; and

11 (3) \$96,430,000 for the Far East and the Pacific.

12 In addition, unexpended balances of appropriations hereto-
13 fore made pursuant to section 541 of the Mutual Security
14 Act of 1951, as amended, are hereby authorized to be con-
15 tinued available for the purpose of this subsection through
16 June 30, 1955, and to be consolidated with the appropriation
17 authorized for the same area by this subsection: *Provided,*
18 That portions of such unexpended balances which have been
19 allocated to assistance for Greece and Turkey shall be con-
20 solidated with the appropriation authorized by paragraph
21 (2) of this subsection.

22 SEC. 132. KOREAN PROGRAM.—(a) There is hereby
23 authorized to be appropriated to the President for the fiscal
24 year 1955 not to exceed \$230,000,000 to be expended, upon
25 terms and conditions specified by the President, for defense

1 support, relief and rehabilitation, and other necessary assist-
2 ance (including payment of ocean freight charges on ship-
3 ments for relief and rehabilitation, without regard to section
4 409 of this Act) in those parts of Korea which the President
5 shall have determined to be not under Communist control.
6 In addition, unexpended balances of funds heretofore allo-
7 cated for the purpose of relief and rehabilitation in Korea
8 pursuant to the paragraph entitled "Relief and Rehabilitation
9 in Korea", chapter VII, Supplemental Appropriation Act,
10 1954, and unobligated balances of the appropriation for
11 "Civilian Relief in Korea," title III, Department of Defense
12 Appropriation Act, 1954, are hereby authorized to be con-
13 tinued available for the purposes of this subsection through
14 June 30, 1955, and to be consolidated with the appropria-
15 tion authorized by this subsection.

16 (b) (1) Notwithstanding the provisions of any other
17 law, the President is authorized, at any time prior to twenty-
18 four months from the date of enactment of this Act, to
19 transfer to the Republic of Korea, by sale or charter and on
20 such terms and conditions as he may specify, title to not
21 more than eight CI-M-AVI vessels. Any agency of the
22 United States Government owning or operating such vessels
23 is authorized to make such vessels available for the purpose
24 of this subsection. Funds made available pursuant to sub-

1 section ~~(a)~~ of this section shall be available for the purpose
2 of this subsection.

3 ~~(2)~~ Such transfers shall be made at prices determined
4 under section 3 of the Merchant Ship Sales Act of 1946 (50
5 U. S. C., App. 1736): *Provided*, That such vessels shall
6 be placed in class in accordance with minimum requirements
7 of the American Bureau of Shipping by the owning or oper-
8 ating agency, and the expense of placing in class shall be
9 reimbursed to such agency.

10 ~~(c)~~ There is hereby authorized to be appropriated for
11 the fiscal year 1955 not to exceed \$11,300,000 for making
12 contributions to the United Nations Korean Reconstruction
13 Agency or expenditure through such other agency for relief
14 and rehabilitation in Korea as the President may direct. In
15 addition, the unexpended balance of the appropriation made
16 pursuant to the last sentence of section 303 ~~(a)~~ of the Mutual
17 Security Act of 1951, as amended, is hereby authorized to be
18 continued available for the purpose of this subsection through
19 June 30, 1955, and to be consolidated with the appropria-
20 tion authorized by this subsection. Sections 141 and 142 of
21 this Act shall not apply with respect to assistance furnished
22 under this subsection.

23 ~~(d)~~ To the extent necessary to accomplish the purposes

1 of this section ~~(1)~~ assistance may be furnished under this
2 section without regard to the other provisions of this chapter
3 and ~~(2)~~ the authority provided in section 306 may be exer-
4 cised in furnishing assistance under subsection ~~(a)~~ of this
5 section.

6 SEC. 133. TERMS OF ASSISTANCE.—Assistance under
7 this chapter may be furnished on a grant basis or on such
8 terms, including cash, credit, or other terms of repayment,
9 as may be determined to be best suited to the achievement
10 of the purposes of this Act.

11 CHAPTER 4—GENERAL PROVISIONS RELATING TO
12 MUTUAL DEFENSE ASSISTANCE

13 SEC. 141. CONDITIONS OF ELIGIBILITY FOR ASSIST-
14 ANCE.—No assistance shall be furnished under this title to
15 any nation or organization unless the President shall have
16 found that furnishing such assistance will strengthen the
17 security of the United States and promote world peace. No
18 such assistance shall be furnished to a nation unless it
19 shall have agreed to the provisions required by section 142,
20 and such additional provisions as the President deems neces-
21 sary to effectuate the policies and provisions of this title and
22 to safeguard the interests of the United States.

23 SEC. 142.—AGREEMENTS.—No assistance shall be fur-
24 nished to any nation under this title unless such nation shall
25 have agreed to—

1 ~~(1)~~ join in promoting international understanding
2 and good will, and maintaining world peace;

3 ~~(2)~~ take such action as may be mutually agreed
4 upon to eliminate causes of international tension;

5 ~~(3)~~ fulfill the military obligations, if any, which
6 it has assumed under multilateral or bilateral agree-
7 ments or treaties to which the United States is a party;

8 ~~(4)~~ make, consistent with its political and eco-
9 nomic stability, the full contribution permitted by its
10 manpower, resources, facilities, and general economic
11 condition to the development and maintenance of its own
12 defensive strength and the defensive strength of the free
13 world;

14 ~~(5)~~ take all reasonable measures which may be
15 needed to develop its defense capacities;

16 ~~(6)~~ take appropriate steps to insure the effective
17 utilization of the assistance furnished under this title in
18 furtherance of the policies and purposes of this title;

19 ~~(7)~~ impose appropriate restrictions against trans-
20 fer of title to or possession of any equipment and mate-
21 rials, information, or services furnished under chapter 1
22 of this title, without the consent of the President;

23 ~~(8)~~ maintain the security of any article, service,
24 or information furnished under chapter 1 of this title;

25 ~~(9)~~ furnish equipment and materials, services, or

1 other assistance consistent with the Charter of the
2 United Nations, to the United States or to and among
3 other nations to further the policies and purpose of
4 chapter 1 of this title;

5 ~~(10)~~ permit continuous observation and review
6 by United States representatives of programs of as-
7 sistance authorized under this title, including the uti-
8 lization of any such assistance, or provide the United
9 States with full and complete information with re-
10 spect to these matters, as the President may require;
11 and

12 ~~(11)~~ in cases where any commodity is furnished
13 on a grant basis under any provision of this Act other
14 than chapter 1 of title I under arrangements which will
15 result in the accrual of proceeds to the recipient nation
16 from the import or sale thereof, establish a Special
17 Account, and—

18 ~~(i)~~ deposit in the Special Account, under such
19 terms and conditions as may be agreed upon, cur-
20 rency of the recipient nation in amounts equal to
21 such proceeds;

22 ~~(ii)~~ allocate to the use of the United States
23 Government not less than 10 per centum of the
24 amounts deposited in the Special Account; and

25 ~~(iii)~~ utilize the remainder of the Special Ac-

count for programs agreed to by the United States to carry out the purposes for which new funds authorized by this Act would themselves be available.

Any unencumbered balances of funds deposited in the special Account after the effective date of this Act which remain in the Account upon termination of assistance to such nation under this title shall be disposed of in such manner as may be authorized by Act or joint resolution of the Congress.

TITLE II—DEVELOPMENT ASSISTANCE

SEC. 201. AUTHORIZATION.—(a) There is hereby authorized to be appropriated to the President for the fiscal year 1955, not to exceed—

(1) \$130,000,000 for assistance designed to promote the economic development of the Near East and Africa, and for other types of assistance designed to help maintain economic and political stability in the area;

(2) \$85,000,000 for assistance designed to promote the economic development of South Asia and to assist in maintaining economic and political stability in the area; and

(3) \$9,000,000 for assistance designed to promote economic development in the other American

1 Republics and non-self-governing territories of the West-
2 ern Hemisphere.

3 Such assistance may be furnished on such terms and con-
4 ditions as the President may specify, except that not less
5 than 50 per centum of the assistance furnished under each
6 paragraph of this subsection shall be furnished on terms
7 of repayment in accordance with section 505.

8 (b) In addition, unexpended balances of appropria-
9 tions heretofore made pursuant to sections 206 and 302
10 (b) of the Mutual Security Act of 1951, as amended, and
11 unexpended balances of funds allocated to the emergency
12 economic aid program for Bolivia are hereby authorized
13 to be continued available for the purposes of this section
14 through June 30, 1955, and to be consolidated with the
15 appropriations authorized by paragraphs (1), (2), and (3)
16 of subsection (a) of this section, respectively.

17 SEC. 202. ADMINISTRATION.—Except as necessary to
18 accomplish the purposes of section 201, programs of assist-
19 ance authorized by that section shall be administered in
20 accordance with sections 301, 302, and 307.

21 TITLE III—TECHNICAL COOPERATION

22 SEC. 301. GENERAL AUTHORITY AND DEFINITION.—It
23 is the purpose of this title to assist the efforts of the peoples
24 of economically underdeveloped areas to achieve economic
25 progress by authorizing measures designed to increase tech-

1 nical knowledge and skills and the flow of investment capital.
2 The President is authorized to furnish assistance in accord-
3 ance with the provisions of this title through bilateral
4 technical cooperation programs. As used in this title, the
5 term "technical cooperation programs" means programs for
6 the international interchange of technical knowledge and
7 skills designed to contribute primarily to the balanced and
8 integrated development of the economic resources and pro-
9 ductive capacities of economically underdeveloped areas.
10 Such activities shall be limited to economic, engineering,
11 medical, educational, agricultural, forestry, fishery, mineral,
12 and fiscal surveys, demonstration, training, and similar proj-
13 ects that serve the purpose of promoting the development of
14 economic resources, productive capacities, and trade of eco-
15 nomically underdeveloped areas, and training in public ad-
16 ministration. The term "technical cooperation programs"
17 does not include such activities authorized by the United
18 States Information and Educational Exchange Act of 1948
19 (62 Stat. 6) as are not primarily related to economic devel-
20 opment, nor activities undertaken now or hereafter pursuant
21 to the International Aviation Facilities Act (62 Stat. 450),
22 nor activities undertaken now or hereafter in the administra-
23 tion of areas occupied by the United States Armed Forces.

24 SEC. 302. PREREQUISITES TO ASSISTANCE.—Assistance
25 shall be made available under section 301 of this Act only

1 where the President determines that the nation being
2 assisted—

3 (a) pays a fair share of the cost of the program;

4 (b) provides all necessary information concerning
5 such program and gives the program full publicity;

6 (c) seeks to the maximum extent possible full co-
7 ordination and integration of technical cooperation pro-
8 grams being carried on in that nation;

9 (d) endeavors to make effective use of the results
10 of the program; and

11 (e) cooperates with other nations participating in
12 the program in the mutual exchange of technical
13 knowledge and skills.

14 SEC. 303. AUTHORIZATION.—There is hereby author-
15 ized to be appropriated to the President for the fiscal year
16 1955 \$112,070,000 for technical cooperation programs in
17 the Near East, Africa, South Asia, Far East and Pacific,
18 and Latin America. In addition, unexpended balances of
19 appropriations heretofore made pursuant to section 543
20 of the Mutual Security Act of 1951, as amended, are
21 authorized to be continued available for the purposes of
22 this section through June 30, 1955, and to be consoli-
23 dated with the appropriation authorized by this section.

24 SEC. 304. LIMITATION ON USE OF FUNDS.—Funds
25 made available under section 303 may be expended to

1 furnish assistance in the form of equipment or commodi-
2 ties only where necessary for instruction or demonstra-
3 tion purposes.

4 SEC. 305. MULTILATERAL TECHNICAL COOPERA-
5 TION.—As one means of accomplishing the purposes of
6 this title, the United States is authorized to participate
7 in multilateral technical cooperation programs carried on
8 by the United Nations, the Organization of American
9 States, their related organizations, and other international
10 organizations, wherever practicable. There is hereby au-
11 thorized to be appropriated to carry out the purpose of
12 this section, in addition to the amounts authorized by sec-
13 tion 303, not to exceed—

14 (a) \$17,958,000 for making contributions to the
15 United Nations Expanded Program of Technical
16 Assistance;

17 (b) \$1,500,000 for making contributions to the
18 technical cooperation program of the Organization of
19 American States.

20 SEC. 306. ADVANCES AND GRANTS; CONTRACTS.—
21 The President may make advances and grants-in-aid of
22 technical cooperation programs to any person, corpora-
23 tion, or other body of persons or to any foreign gov-
24 ernment agency. The President may make and perform
25 contracts and agreements in respect of technical cooper-

1 ation programs on behalf of the United States Govern-
2 ment with any person, corporation, or other body of
3 persons however designated, whether within or without
4 the United States, or with any foreign government or
5 foreign government agency. A contract or agreement
6 which entails commitments for the expenditure of funds
7 appropriated pursuant to this title may, subject to any
8 future action of the Congress, run for not to exceed three
9 years.

10 SEC. 307. INTERNATIONAL DEVELOPMENT ADVISORY
11 BOARD.—There shall be an advisory board, referred to in
12 this section as the “Board”, which shall advise and consult
13 with the President, or such other officer as he may designate
14 to administer this title, with respect to general or basic policy
15 matters arising in connection with the operation of pro-
16 grams authorized by this title, title II, and section 414 (b).
17 The Board shall consist of not more than thirteen members
18 appointed by the President, one of whom, by and with the
19 advice and consent of the Senate, shall be appointed by him
20 as chairman. The members of the Board shall be broadly
21 representative of voluntary agencies and other groups in-
22 terested in the programs, including business, labor, agricul-
23 ture, public health, and education. All members of the
24 Board shall be citizens of the United States; none except
25 the chairman shall be an officer or an employee of the

1 United States (including any United States Government
2 agency) who as such regularly receives compensation for
3 current services. Members of the Board, other than the
4 chairman if he is an officer of the United States Govern-
5 ment, shall receive out of funds made available for the pur-
6 pose of this title a per diem allowance of \$50 for each day
7 spent away from their homes or regular places of business
8 for the purpose of attendance at meetings of the Board or
9 at conferences held upon the call of the chairman, and in
10 necessary travel, and while so engaged they may be paid
11 actual travel expenses and not to exceed \$10 per diem in
12 lieu of subsistence and other expenses.

13 SEC. 308. JOINT COMMISSION ON RURAL RECON-
14 STRUCTION IN CHINA.—The President is authorized to con-
15 tinue to participate in the Joint Commission on Rural Re-
16 construction in China and to appoint citizens of the United
17 States to the Commission.

18 TITLE IV—OTHER PROGRAMS

19 SEC. 401. SPECIAL FUND.—Of the funds made avail-
20 able under this Act, not to exceed \$150,000,000 may be
21 expended, without regard to the requirements of this Act
22 or any other Act for which funds are authorized by this
23 Act, in furtherance of any of the purposes of such Acts,
24 when the President determines that such use is important
25 to the security of the United States. Not to exceed \$100,—

1 000,000 of the funds available under this section may be
2 expended for any selected persons who are residing in or
3 escapees from the Soviet Union, Poland, Czechoslovakia,
4 Hungary, Rumania, Bulgaria, Albania, Lithuania, Latvia,
5 and Estonia or the Communist-dominated or Communist-
6 occupied areas of Germany and Austria, or any Communist-
7 dominated or Communist-occupied areas of Asia and any
8 other countries absorbed by the Soviet Union, either to
9 form such persons into elements of the military forces sup-
10 porting the North Atlantic Treaty Organization or for other
11 purposes, when the President determines that such assist-
12 ance will contribute to the defense of the North Atlantic
13 area or to the security of the United States. Certification
14 by the President of amounts expended under this section
15 up to a total of \$50,000,000, and that it is inadvisable to
16 specify the nature of such expenditures, shall be deemed a
17 sufficient voucher for such amounts. Not more than \$20,-
18 000,000 of the funds available under this section may be
19 allocated to any one nation.

20 SEC. 402. EARMARKING OF FUNDS.—Of the funds
21 authorized to be made available pursuant to this Act, not less
22 than \$500 million shall be used to finance the purchase and
23 export of surplus agricultural commodities, or products
24 thereof, produced in the United States, and foreign currency
25 proceeds therefrom shall be used for the purposes of this Act

1 pursuant to section 104 of the Agricultural Trade and De-
2 velopment Act of 1954.

3 SEC. 403. SPECIAL ASSISTANCE IN JOINT CONTROL
4 AREAS.—The President is hereby authorized to furnish com-
5 modities, services, and financial and other assistance to
6 nations and areas for which the United States has respon-
7 sibility as a result of participation in joint control arrange-
8 ments where found by the President to be in the interest of
9 the security of the United States. There is hereby authorized
10 to be appropriated to the President for the fiscal year 1955
11 not to exceed \$25,000,000 to carry out this section.

12 SEC. 404. RESPONSIBILITIES IN GERMANY.—Upon
13 approval by the Secretary of State, a part of the German
14 currency now or hereafter deposited under the bilateral
15 agreement of December 15, 1949, between the United States
16 and the Federal Republic of Germany (or any supplementary
17 or succeeding agreement) shall be deposited in the GARIOA
18 (Government and Relief in Occupied Areas) Special Ac-
19 count under the terms of article V of that agreement, and
20 currency which has been or may be deposited in said ac-
21 count, and any portion of funds made available for assist-
22 ance to the Federal Republic of Germany pursuant to section
23 403 of this Act, may be used for expenses necessary to
24 meet the responsibilities or objectives of the United States in
25 Germany, including responsibilities arising under the supreme

1 authority assumed by the United States on June 5, 1945,
2 and under contractual arrangements with the Federal Re-
3 public of Germany. Expenditures may be made under
4 authority of this section in amounts and under conditions
5 determined by the Secretary of State after consultation with
6 the official primarily responsible for administration of pro-
7 grams under chapter 3 of title I, and without regard to any
8 provision of law which the President determines must be
9 disregarded in order to meet such responsibilities or
10 objectives.

11 SEC. 405. MOVEMENT OF MIGRANTS AND REFU-
12 GEES.—(a) For the purpose of assisting in the movement of
13 migrants, there is hereby authorized to be appropriated
14 not to exceed \$11,700,000 for contributions during the
15 calendar year 1955 to the Intergovernmental Committee
16 for European Migration, and thereafter such amount as
17 may be necessary from time to time for the payment by
18 the United States of its contributions to the Committee
19 and all necessary salaries and expenses incident to United
20 States participation in the Committee. In addition, the
21 unexpended balance of the appropriation made pursuant
22 to section 534 of the Mutual Security Act of 1951, as
23 amended, is hereby authorized to be continued available
24 for the purpose of this section through June 30, 1955,

1 and to be consolidated with the appropriation authorized
2 in this section.

3 (b) Of the funds made available under this Act, not
4 more than \$800,000 may be used by the President to
5 facilitate the migration to the other American Republics
6 of persons resident in that portion of the Ryukyu Island
7 Archipelago under United States control.

8 (c) There is hereby authorized to be appropriated
9 for the fiscal year 1955 not to exceed \$500,000 for con-
10 tributions to the United Nations Refugee Emergency Fund.

11 SEC. 406. CHILDREN'S WELFARE.—There is hereby
12 authorized to be appropriated not to exceed \$13,500,000
13 for contributions during the fiscal year 1955 to the United
14 Nations Children's Fund.

15 SEC. 407. PALESTINE REFUGEES IN THE NEAR EAST.—
16 There is hereby authorized to be appropriated to the Presi-
17 dent for the fiscal year 1955, not to exceed \$30,000,000,
18 to be used to make contributions to the United Nations
19 Relief and Works Agency for Palestine Refugees in the
20 Near East. In addition, the unexpended balance of the
21 appropriation made for the Palestine refugee program in
22 the Mutual Security Appropriation Act, 1954, is hereby
23 authorized to be continued available for the purpose of
24 this section through June 30, 1955: *Provided*, That when-

1 ever the President shall determine that it would more
2 effectively contribute to the relief, rehabilitation, and re-
3 settlement of Palestine refugees in the Near East, he may
4 expend any part of such unexpended balance through any
5 other agency he may designate.

6 SEC. 408. NORTH ATLANTIC TREATY ORGANIZA-
7 TION.—(a) In order to provide for United States partici-
8 pation in the North Atlantic Treaty Organization, there
9 is hereby authorized to be appropriated for the fiscal year
10 1955 not to exceed \$3,200,000 for payment by the United
11 States of its share of the expenses of the Organization.

12 (b) The United States permanent representative to the
13 North Atlantic Treaty Organization shall be appointed by the
14 President by and with the advice and consent of the Senate
15 and shall hold office at the pleasure of the President. Such
16 representative shall have the rank and status of ambassador
17 extraordinary and plenipotentiary and shall be a chief of
18 mission, class 1, within the meaning of the Foreign Service
19 Act of 1946, as amended (22 U. S. C. 801).

20 (c) Persons detailed to the international staff of the
21 North Atlantic Treaty Organization in accordance with sec-
22 tion 529 of this Act who are appointed as Foreign Service
23 Reserve officers may serve for periods of more than four
24 years notwithstanding the limitation in section 522 of the
25 Foreign Service Act of 1946, as amended (22 U. S. C. 922).

1 SEC. 409. OCEAN FREIGHT CHARGES.—(a) In order
2 to further the efficient use of United States voluntary con-
3 tributions for relief and rehabilitation in nations eligible
4 for assistance under this Act, the President may pay ocean
5 freight charges from United States ports to designated ports
6 of entry of such nations on shipments by United States
7 voluntary nonprofit relief agencies registered with and ap-
8 proved by the Advisory Committee on Voluntary Foreign
9 Aid and shipments by the American Red Cross.

10 (b) Where practicable the President shall make ar-
11 rangements with the receiving nation for free entry of such
12 shipments and for the making available by that nation of
13 local currencies for the purpose of defraying the transportation
14 cost of such shipments from the port of entry of the receiving
15 nation to the designated shipping point of the consignee.

16 (c) There is hereby authorized to be appropriated to the
17 President for the fiscal year 1955 not to exceed \$4,400,-
18 000 to carry out the purposes of this section; and, in addition,
19 unexpended balances of appropriations heretofore made pur-
20 suant to section 535 of the Mutual Security Act of 1951, as
21 amended, are authorized to be continued available for the
22 purposes of this section through June 30, 1955, and to be
23 consolidated with the appropriation authorized in this section.

24 (d) In addition, any funds made available under this

1 Act may be used, in amounts determined by the Presi-
2 dent, to pay ocean freight charges on shipments of surplus
3 agricultural commodities, including commodities made avail-
4 able pursuant to any Act for the disposal abroad of United
5 States agricultural surpluses.

6 SEC. 410. CONTROL ACT EXPENSES.—There is hereby
7 authorized to be appropriated to the President for the
8 fiscal year 1955 not to exceed \$1,300,000 for carrying out
9 the objectives of the Mutual Defense Assistance Control
10 Act of 1951 (22 U. S. C. 1611). In addition, in accordance
11 with section 303 of that Act, funds made available for
12 carrying out chapter 1 of title I of this Act shall be avail-
13 able for carrying out the purpose of this section in such
14 amounts as the President may direct.

15 SEC. 411. ADMINISTRATIVE EXPENSES.—(a) When-
16 ever possible, the expenses of administration of this Act shall
17 be paid for in the currency of the nation where the expense is
18 incurred.

19 (b) There is hereby authorized to be appropriated to
20 the President for the fiscal year 1955 not to exceed \$25,-
21 000,000 for all necessary administrative expenses incident
22 to carrying out the provisions of this Act other than chapter
23 1 of title I, including expenses for compensation, allowances
24 and travel of personnel, including Foreign Service personnel
25 whose services are utilized primarily for the purposes of this

1 Act, and, without regard to the provisions of any other law,
2 for printing and binding, and for expenditures outside the
3 continental limits of the United States for the procurement of
4 supplies and services and for other administrative purposes
5 ~~(other than compensation of personnel)~~ without regard to
6 such laws and regulations governing the obligation and ex-
7 penditure of Government funds as may be necessary to ac-
8 complish the purposes of this Act.

9 SEC. 412. STRATEGIC MATERIALS.—In order to reduce
10 the drain on United States resources and to assure the produc-
11 tion of adequate supplies of essential raw materials for the
12 collective defense of the free world, the President is author-
13 ized to initiate projects for, and assist in procuring and stim-
14 ulating increased production of, materials in which deficien-
15 cies or potential deficiencies in supply exist in the United
16 States or among nations receiving United States assistance.
17 The unexpended balance of funds made available pursuant
18 ~~to section 514 of the Mutual Security Act of 1951, as~~
19 to section 514 of the Mutual Security Act of 1951, as
20 amended, is hereby authorized to be continued available for
21 the purpose of this section through June 30, 1955.

22 SEC. 413. CHINESE AND KOREAN STUDENTS.—Funds
23 heretofore allocated to the Secretary of State pursuant to
24 the last proviso of section 202 of the China Area Aid Act
25 of 1950 (22 U. S. C. 1547) shall continue to be available

1 until expended, under such regulations as the Secretary of
2 State may prescribe, using private agencies to the maximum
3 extent practicable, for necessary expenses of tuition, subsist-
4 ence, transportation, and emergency medical care for selected
5 citizens of China and of Korea for studying or teaching in
6 accredited colleges, universities, or other educational insti-
7 tutions in the United States approved by the Secretary of
8 State for the purpose, or for research and related academic
9 and technical activities in the United States, and such
10 selected citizens of China who have been admitted for the
11 purpose of study in the United States shall be granted per-
12 mission to accept employment upon application filed with
13 the Commissioner of Immigration and Naturalization pur-
14 suant to regulations promulgated by the Attorney General.

15 SEC. 414. ENCOURAGEMENT OF FREE ENTERPRISE
16 AND PRIVATE PARTICIPATION.—(a) It is declared to be
17 the policy of the United States to encourage the efforts of
18 other free nations to increase the flow of international trade,
19 to foster private initiative and competition, to discourage
20 monopolistic practices, to improve the technical efficiency of
21 their industry, agriculture and commerce, and to strengthen
22 free labor unions; and to encourage the contribution of United
23 States enterprise toward the economic strength of other
24 free nations, through private trade and investment abroad,

1 private participation in the programs carried out under this
2 Act (including the use of private trade channels to the maxi-
3 mum extent practicable in carrying out such programs); and
4 exchange of ideas and technical information on the matters
5 covered by this section.

6 ~~(b)~~ In order to encourage and facilitate participation
7 by private enterprise to the maximum extent practicable in
8 achieving any of the purposes of this Act, the President—

9 ~~(1)~~ shall make arrangements to find and draw the
10 attention of private enterprise to opportunities for in-
11 vestment and development in other free nations;

12 ~~(2)~~ shall accelerate a program of negotiating
13 treaties for commerce and trade, or other temporary
14 arrangements where more suitable or expeditious, which
15 shall include provisions to encourage and facilitate the
16 flow of private investment to nations participating in
17 programs under this Act; and

18 ~~(3)~~ may make, until June 30, 1957, under rules
19 and regulations prescribed by him, guaranties to any
20 person of investments in connection with projects, in-
21 cluding expansion, modernization, or development of
22 existing enterprises, in any nation with which the
23 United States has agreed to institute the guaranty pro-
24 gram: *Provided, That—*

1 ~~(A)~~ such projects shall be approved by the
2 President as furthering any of the purposes of this
3 Act, and by the nation concerned;

4 ~~(B)~~ the guaranty to any person shall be limited
5 to assuring any or all of the following:

6 ~~(i)~~ the transfer into United States dollars
7 of other currencies, or credits in such currencies,
8 received by such person as earnings or profits
9 from the approved projects, as repayment or
10 return of the investment therein, in whole or in
11 part, or as compensation for the sale or dis-
12 position of all or any part thereof;

13 ~~(ii)~~ the compensation in United States
14 dollars for loss of all or any part of the invest-
15 ment in the approved project which shall be
16 found to have been lost to such person by rea-
17 son of expropriation or confiscation by action of
18 the government of a foreign nation or by reason
19 of war, revolution or insurrection;

20 ~~(C)~~ when any payment is made to any person
21 pursuant to a guaranty as hereinbefore described,
22 the currency, credits, assets, or investment on ac-
23 count of which such payment is made shall become
24 the property of the United States Government, and
25 the United States Government shall be subrogated

1 to any right, title, claim or cause of action existing
2 in connection therewith;

3 ~~(D)~~ the guaranty to any person shall not ex-
4 ceed the amount of dollars invested in the project
5 by such person with the approval of the President
6 plus actual earnings or profits on said project to
7 the extent provided by such guaranty, and shall be
8 limited to a term not exceeding twenty years from
9 the date of issuance;

10 ~~(E)~~ a fee shall be charged in an amount not
11 exceeding 1 per centum per annum of the amount
12 of each guaranty under clause ~~(i)~~ of subparagraph
13 ~~(B)~~, and not exceeding 4 per centum per annum of
14 the amount of each guaranty under clause ~~(ii)~~ of
15 such subparagraph, and all fees collected hereunder
16 shall be available for expenditure in discharge of
17 liabilities under guaranties made under this section
18 until such time as all such liabilities have been dis-
19 charged or have expired, or until all such fees have
20 been expended in accordance with the provisions of
21 this section;

22 ~~(F)~~ the President is authorized to issue guar-
23 anties up to a total of \$200,000,000: *Provided,*
24 That any funds allocated to a guaranty and remain-
25 ing after all liability of the United States assumed

1 in connection therewith has been released, dis-
2 charged, or otherwise terminated, shall be available
3 for allocation to other guaranties, the foregoing limi-
4 tation notwithstanding. Any payments made to
5 discharge liabilities under guaranties issued under
6 this subsection shall be paid out of fees collected
7 under subparagraph ~~(E)~~ as long as such fees are
8 available, and thereafter shall be paid out of funds
9 realized from the sale of notes which have been
10 issued under authority of paragraph 111 ~~(c)~~ (2)
11 of the Economic Cooperation Act of 1948, as
12 amended, when necessary to discharge liabilities
13 under any such guaranty;

14 ~~(G)~~ the guaranty program authorized by this
15 paragraph shall be used to the maximum prac-
16 ticable extent and shall be administered under
17 broad criteria so as to facilitate and increase the
18 participation of private enterprise in achieving
19 any of the purposes of this Act;

20 ~~(H)~~ as used in this paragraph—

21 ~~(i)~~ the term “person” means a citizen of
22 the United States or any corporation, partner-
23 ship, or other association created under the
24 law of the United States or of any State or

1 Territory and substantially beneficially owned
2 by citizens of the United States; and

3 ~~(ii)~~ the term "investment" includes any
4 contribution of capital goods, materials, equip-
5 ment, services, patents, processes, or tech-
6 niques by any person in the form of ~~(1)~~ a
7 loan or loans to an approved project, ~~(2)~~ the
8 purchase of a share of ownership in any such
9 project, ~~(3)~~ participation in royalties, earn-
10 ings, or profits of any such project, and ~~(4)~~
11 the furnishing of capital goods items and
12 related services pursuant to a contract pro-
13 viding for payment in whole or in part after
14 the end of the fiscal year in which the guar-
15 anty of such investment is made.

16 SEC. 415. EMIGRATION TO U. S. S. R.—Funds made
17 available pursuant to this Act may be used to pay the ex-
18 penses of travel of any resident in the United States to the
19 Union of Soviet Socialist Republics for the purpose of estab-
20 lishing permanent residence there: *Provided*, That such resi-
21 dent shall not be readmitted to the United States.

22 SEC. 416. MUNITIONS CONTROL.—~~(a)~~ The President
23 is authorized to control, in furtherance of world peace and
24 the security and foreign policy of the United States, the

1 export and import of arms, ammunition, and implements
2 of war, other than by a United States Government agency.
3 The President is authorized to designate those articles
4 which shall be considered as arms, ammunition, and im-
5 plements of war for the purposes of this section.

6 (b) As prescribed in regulations issued under this sec-
7 tion, every person who engages in the business of manufac-
8 turing, exporting, or importing any arms, ammunition, or
9 implements of war designated by the President under sub-
10 section (a) shall register with the United States Govern-
11 ment agency charged with the administration of this section
12 and, in addition, shall pay a registration fee which shall be
13 prescribed by such regulations.

14 (c) Any person who willfully violates any provision
15 of this section or any rule or regulation issued under this
16 section, or who willfully, in a registration or license appli-
17 cation, makes any untrue statement of a material fact or
18 omits to state a material fact required to be stated therein
19 or necessary to make the statements therein not mislead-
20 ing, shall upon conviction be fined not more than \$25,000
21 or imprisoned not more than two years, or both.

22 SEC. 417. ASSISTANCE TO INTERNATIONAL ORGANI-
23 ZATION.—Whenever it will assist in achieving purposes
24 declared in this Act, the President is authorized to use funds
25 available under sections 131 and 403 in order to furnish

1 assistance, including by transfer of funds, directly to the
2 North Atlantic Treaty Organization, for a strategic stock-
3 pile of foodstuffs and other supplies, or for other purposes.

4 SEC. 418. FACILITATION AND ENCOURAGEMENT OF
5 TRAVEL.—The President, through such officer or commis-
6 sion as he may designate, shall facilitate and encourage,
7 without cost to the United States except for administrative
8 expenses, the promotion and development of travel by
9 citizens of the United States to and within countries receiving
10 assistance under this Act and travel by citizens of such
11 countries to the United States.

12 TITLE V—MISCELLANEOUS PROVISIONS

13 CHAPTER 1. GENERAL PROVISIONS

14 SEC. 501. TRANSFERABILITY OF FUNDS.—Whenever
15 the President determines it to be necessary for the purposes
16 of this Act, not to exceed 10 per centum of the funds made
17 available pursuant to any provision of this Act may be trans-
18 ferred to and consolidated with the funds made available
19 pursuant to any other provision of this Act, and may be
20 used for any of the purposes for which such funds may be
21 used, except that the total in the provision for the bene-
22 fit of which the transfer is made shall not be increased by
23 more than 10 per centum of the amount made available for
24 such provision pursuant to this Act. Funds transferred under
25 this section to furnish military assistance under chapter 1 of

1 title I may be expended without regard to the area limits
2 imposed by section 106 (c). Not less than 50 per centum
3 of any assistance furnished under paragraph (1), (2), or
4 (3) of section 201 (a) with funds transferred under this
5 section shall be furnished on terms of repayment in ac-
6 cordance with section 505.

7 SEC. 502. USE OF FOREIGN CURRENCY.—(a) Notwith-
8 standing section 1415 of the Supplemental Appropriation
9 Act, 1953, or any other provision of law, proceeds of sales
10 made under section 550 of the Mutual Security Act of 1951,
11 as amended, shall remain available and shall be used for any
12 of the purposes of this Act, giving particular regard to the
13 following purposes—

14 (1) for providing military assistance to nations or
15 mutual defense organizations eligible to receive assist-
16 ance under this Act;

17 (2) for purchase of goods or services in friendly
18 nations;

19 (3) for loans, under applicable provisions of this
20 Act, to increase production of goods or services, includ-
21 ing strategic materials, needed in any nation with
22 which an agreement was negotiated, or in other friendly
23 nations, with the authority to use currencies received
24 in repayment for the purposes stated in this section or

1 for deposit to the general account of the Treasury of
2 the United States;

3 ~~(4)~~ for developing new markets on a mutually
4 beneficial basis;

5 ~~(5)~~ for grants-in-aid to increase production for
6 domestic needs in friendly countries;

7 ~~(6)~~ for purchasing materials for United States
8 stockpiles.

9 ~~(b)~~ Notwithstanding section 1415 of the Supplemental
10 Appropriation Act, 1953, or any other provision of law, local
11 currencies owned by the United States shall be made avail-
12 able to appropriate committees of the Congress engaged in
13 carrying out their duties under section 136 of the Legislative
14 Reorganization Act of 1946, as amended, for their local cur-
15 rency expenses: *Provided*, That any such committee of the
16 Congress which uses local currency shall make a full account-
17 ing thereof to the Committee on House Administration of the
18 House of Representatives (if the committee using such cur-
19 rency is a committee of the House of Representatives) or to
20 the Committee on Rules and Administration of the Senate (if
21 the committee using such currency is a committee of the
22 Senate), showing the total amount of such currency so used
23 in each country and the purposes for which it was expended.

24 SEC. 503. TERMINATION OF ASSISTANCE.—(a) If the

1 President determines that the furnishing of assistance to any
2 nation under any provision of this Act—

3 ~~(1)~~ is no longer consistent with the national inter-
4 est or security or the foreign policy of the United
5 States; or

6 ~~(2)~~ would no longer contribute effectively to the
7 purposes for which such assistance is furnished; or

8 ~~(3)~~ is no longer consistent with the obligations and
9 responsibilities of the United States under the Charter
10 of the United Nations,

11 he shall terminate all or part of any assistance furnished
12 pursuant to this Act.—If the President determines that any
13 nation which is receiving assistance under chapter 1 of
14 title I of this Act is not making its full contribution to
15 its own defense or to the defense of the area of which
16 it is a part, he shall terminate all or part of such
17 assistance.

18 ~~(b)~~ Assistance to any nation under any provision of
19 this Act may, unless sooner terminated by the President,
20 be terminated by concurrent resolution.

21 ~~(c)~~ Funds made available under this Act shall remain
22 available for twelve months from the date of termination
23 under this section for the necessary expenses of liquidating
24 assistance programs.

25 SEC. 504. SMALL BUSINESS.—~~(a)~~ Insofar as practica-

1 ble and to the maximum extent consistent with the accom-
2 plishment of the purposes of this Act, the President shall
3 assist American small business to participate equitably in the
4 furnishing of commodities and services financed with funds
5 authorized under titles II, III, and IV, and chapters 2 and
6 3 of title I, of this Act—

7 ~~(1)~~ by causing to be made available to suppliers in
8 the United States and particularly to small independent
9 enterprises, information, as far in advance as possible,
10 with respect to purchases proposed to be financed with
11 such funds.

12 ~~(2)~~ by causing to be made available to prospective
13 purchasers in the nations receiving assistance under this
14 Act information as to commodities and services produced
15 by small independent enterprises in the United States,
16 and

17 ~~(3)~~ by providing for additional services to give
18 small business better opportunities to participate in the
19 furnishing of commodities and services financed with
20 such funds.

21 ~~(b)~~ There shall be an Office of Small Business, headed
22 by a Special Assistant for Small Business, in such United
23 States Government agency as the President may direct, to
24 assist in carrying out the provisions of subsection ~~(a)~~ of this
25 section.

1 ~~(c)~~ The Secretary of Defense shall assure that there is
2 made available to suppliers in the United States, and par-
3 ticularly to small independent enterprises, information with
4 respect to purchases made by the Department of De-
5 fense pursuant to chapter 4 of title I, such information
6 to be furnished as far in advance as possible.

7 SEC. 505. LOAN ASSISTANCE.—(a) Not less than 10
8 per centum of the amounts obligated from funds appropriated
9 pursuant to titles I and II (excluding funds previously
10 appropriated and continued available pursuant to such titles)
11 shall be obligated for furnishing assistance on terms of repay-
12 ment (including repayment in foreign currencies or by trans-
13 fer to the United States of materials required for stockpiling
14 or other purposes).

15 ~~(b)~~ Funds for the purpose of furnishing assistance on
16 terms of repayment shall be allocated to the Export-Import
17 Bank of Washington, which shall, notwithstanding the pro-
18 visions of the Export-Import Bank Act of 1945 (59 Stat.
19 526), as amended, make and administer the credit on such
20 terms. Credits made by the Export-Import Bank of Wash-
21 ington with funds so allocated to it shall not be considered in
22 determining whether the Bank has outstanding at any one
23 time loans and guaranties to the extent of the limitation im-
24 posed by section 7 of the Export-Import Bank Act of 1945

1 ~~(59 Stat. 529)~~, as amended.—Amounts received in repay-
 2 ment of principal and interest on any loan made under this
 3 section shall be held by the Treasury to be used for such pur-
 4 poses, including further loans, as may be authorized from
 5 time to time by Congress. Amounts received in repayment
 6 of principal and interest on any credits made under paragraph
 7 ~~111 (c) (2)~~ of the Economic Cooperation Act of 1948, as
 8 amended, shall be deposited into miscellaneous receipts of the
 9 Treasury, except that, to the extent required for such pur-
 10 pose, amounts received in repayment of principal and interest
 11 on any credits made out of funds realized from the sale of
 12 notes heretofore authorized to be issued for the purpose of
 13 financing assistance on a credit basis under paragraph ~~111~~
 14 ~~(c) (2)~~ of the Economic Cooperation Act of 1948, as
 15 amended, shall be deposited into the Treasury for the pur-
 16 pose of the retirement of such notes.

17 SEC. 506. PATENTS AND TECHNICAL INFORMATION.—

18 ~~(a)~~ As used in this section—

19 ~~(1)~~ the term “invention” means an invention or
 20 discovery covered by a patent issued by the United
 21 States; and

22 ~~(2)~~ the term “information” means information
 23 originated by or peculiarly within the knowledge of the

1 owner thereof and those in privity with him, which is
2 not available to the public and is subject to protection as
3 property under recognized legal principles.

4 ~~(b)~~ Whenever, in connection with the furnishing of
5 any assistance in furtherance of the purposes of this Act—

6 ~~(1)~~ use within the United States, without author-
7 ization by the owner, shall be made of an invention; or

8 ~~(2)~~ damage to the owner shall result from the
9 disclosure of information by reason of acts of the United
10 States or its officers or employees,

11 the exclusive remedy of the owner of such invention or
12 information shall be by suit against the United States in
13 the Court of Claims or in the District Court of the United
14 States for the district in which such owner is a resident
15 for reasonable and entire compensation for unauthorized
16 use or disclosure. In any such suit the United States may
17 avail itself of any and all defenses, general or special, that
18 might be pleaded by any defendant in a like action.

19 ~~(c)~~ Before such suit against the United States has been
20 instituted, the head of the appropriate United States Gov-
21 ernment agency, which has furnished any assistance in fur-
22 therance of the purposes of this Act, is authorized and em-
23 powered to enter into an agreement with the claimant, in
24 full settlement and compromise of any claim against the
25 United States hereunder.

1 ~~(d)~~ The provisions of the last sentence of section 1498
2 of title 28 of the United States Code shall apply to inven-
3 tions and information covered by this section.

4 ~~(e)~~ Except as otherwise provided by law, no recovery
5 shall be had for any infringement of a patent committed
6 more than six years prior to the filing of the complaint or
7 counterclaim for infringement in the action, except that the
8 period between the date of receipt by the Government of a
9 written claim under subsection ~~(e)~~ above for compensa-
10 tion for infringement of a patent and the date of mailing
11 by the Government of a notice to the claimant that his
12 claim has been denied shall not be counted as part of the
13 six years, unless suit is brought before the last-mentioned
14 date.

15 SEC. 507. AVAILABILITY OF FUNDS.—Except as other-
16 wise provided in sections 104, 105, 405, and 413, funds
17 shall be available to carry out the provisions of this Act
18 ~~(other than sections 416 and 418)~~ as authorized and appro-
19 priated to the President each fiscal year.

20 SEC. 508. LIMITATION ON FUNDS FOR PROPAGANDA.—
21 None of the funds herein authorized to be appropriated nor
22 any counterpart funds shall be used to pay for personal
23 services or printing, or for other expenses of the dissemina-
24 tion within the United States of general propaganda in sup-
25 port of the mutual security program, or to pay the travel or

1 other expenses outside the United States of any citizen or
2 group of citizens of the United States for the purpose of
3 publicizing such program within the United States.

4 SEC. 509. PURCHASE OF COMMODITIES.—No funds
5 made available under title II or chapter 3 of title I of this
6 Act shall be used for the purchase in bulk of any commodi-
7 ties at prices higher than the market price prevailing in the
8 United States at the time of the purchase adjusted for differ-
9 ences in the cost of transportation to destination, quality,
10 and terms of payment. A bulk purchase within the mean-
11 ing of this section does not include the purchase of raw
12 cotton in bales. Funds made available under title II or
13 chapter 3 of title I of this Act may be used for the pro-
14 curement of commodities outside the United States unless
15 the President determines that such procurement will result
16 in adverse effects upon the economy of the United States,
17 with special reference to any areas of labor surplus, or upon
18 the industrial mobilization base, which outweigh the eco-
19 nomic advantages to the United States of less costly procure-
20 ment abroad. In providing for the procurement of any
21 surplus agricultural commodity for transfer by grant under
22 this Act to any recipient nation in accordance with the
23 requirements of such nation, the President shall, insofar as
24 practicable and where in furtherance of the purposes of this
25 Act, authorize the procurement of such surplus agricultural

1 commodity only within the United States except to the ex-
2 tent that any such surplus agricultural commodity is not
3 available in the United States in sufficient quantities to sup-
4 ply the requirements of the nations receiving assistance
5 under this Act.

6 SEC. 510. RETENTION AND RETURN OF EQUIP-
7 MENT.—(a) No equipment or materials may be transferred
8 under title I out of military stocks if the Secretary of De-
9 fense, after consultation with the Joint Chiefs of Staff, de-
10 termines that such transfer would be detrimental to the
11 national security of the United States, or that such equip-
12 ment or materials are needed by the reserve components of
13 the Armed Forces to meet their training requirements.

14 (b) Any equipment, materials, or commodities pro-
15 cured to carry out this Act shall be retained by, or, upon re-
16 imbursement, transferred to and for the use of, such United
17 States Government agency as the President may determine
18 in lieu of being disposed of to a foreign nation or interna-
19 tional organization whenever in the judgment of the Presi-
20 dent the best interests of the United States will be served
21 thereby, or whenever such retention is called for by concur-
22 rent resolution.—Any commodities so retained may be dis-
23 posed of without regard to provisions of law relating to the
24 disposal of Government-owned property, when necessary to
25 prevent spoilage or wastage of such commodities or to con-

1 serve the usefulness thereof. Funds realized from any such
2 disposal or transfer shall revert to the respective appropriation
3 or appropriations out of which funds were expended for the
4 procurement of such equipment, materials, or commodities or
5 to appropriations currently available for such procurement.

6 (c). The President shall make appropriate arrange-
7 ments with each nation receiving equipment or materials
8 under chapter 1 of title I (other than equipment or
9 materials sold under the provisions of section 107) for the
10 return to the United States (1) for salvage or scrap, or (2)
11 for such other disposition as the President shall deem to be
12 in the interest of mutual security, of any such equipment or
13 materials which are no longer required for the purposes for
14 which originally made available.

15 SEC. 511. PENAL PROVISION.—Whoever offers or gives
16 to anyone who is or in the preceding two years has been an
17 employee or officer of the United States any commission,
18 payment, or gift, in connection with the procurement of
19 equipment, materials, commodities, or services under this
20 Act in connection with which procurement said officer,
21 employee, former officer or former employee is or was
22 employed or performed duty or took any action during such
23 employment, and whoever, being or having been an em-
24 ployee or officer of the United States in the preceding two
25 years, solicits, accepts, or offers to accept any commission,

1 payment, or gift in connection with the procurement of
2 equipment, materials, commodities, or services under this
3 Act in connection with which procurement said officer,
4 employee, former officer or former employee is or was
5 employed or performed duty or took any action during such
6 employment, shall upon conviction thereof be subject to a
7 fine of not to exceed \$10,000 or imprisonment for not to
8 exceed three years, or both: *Provided*, That this section
9 shall not apply to persons appointed pursuant to sections
10 307 or 530 (a) of this Act.

11 SEC. 512. NOTICE TO LEGISLATIVE COMMITTEES.—
12 When any transfer is made under section 106 (d) or section
13 501, or any other action is taken under this Act which will
14 result in furnishing assistance of a kind, for a purpose, or to
15 an area, substantially different from that included in the
16 presentation to the Congress during its consideration of this
17 Act, or which will result in expenditures greater by 50 per
18 centum or more than the proposed expenditures included in
19 such presentation for the program or project concerned,
20 the President or such officer as he may designate shall
21 promptly notify the Committee on Foreign Relations of the
22 Senate, the Committee on Foreign Affairs of the House of
23 Representatives and, when military assistance is involved,
24 the Committees on Armed Services of the Senate and
25 House of Representatives, stating the justification for such

1 change. Notice shall also be given to the Committee on
2 Foreign Relations of the Senate and the Committee on
3 Foreign Affairs of the House of Representatives of any
4 determination under the first sentence of section 401 (except
5 with respect to unvouchered funds), and copies of any
6 certification as to loyalty under section 531 shall be filed
7 with such committees.

8 SEC. 513. SHIPPING ON UNITED STATES VESSELS.—

9 Such steps as may be necessary shall be taken to assure,
10 as far as practicable, that at least 50 per centum of the
11 gross tonnage of commodities, materials and equipment
12 procured out of funds made available under sections 103,
13 105, 123, 131, 132 (a), 201, and 303 of this Act and
14 transported to or from the United States on ocean vessels,
15 computed separately for dry bulk carriers, dry cargo liner
16 and tanker services and computed separately for sections
17 103 and 105 (taken together) and for sections 123, 131,
18 132 (a), 201, and 303 (taken together) is so transported
19 on United States flag commercial vessels to the extent such
20 vessels are available at market rates for United States flag
21 commercial vessels; and, in the administration of this pro-
22 vision, steps shall be taken, insofar as practicable and con-
23 sistent with the purposes of this Act, to secure a fair and
24 reasonable participation by United States flag commercial
25 vessels in cargoes by geographic area.

1 CHAPTER 2. ORGANIZATION AND ADMINISTRATION

2 SEC. 521. DELEGATION OF AUTHORITY BY THE PRES-

3 DENT.—The President may exercise any power or authority
4 conferred on him by this Act through such agency or officer
5 of the United States as he shall direct, and the head of such
6 agency or such officer may from time to time promulgate
7 such rules and regulations as may be necessary and proper
8 to carry out functions under this Act and may delegate
9 authority to perform any of such functions to his subordi-
10 nates acting under his direction.

11 SEC. 522. ALLOCATION AND REIMBURSEMENT AMONG

12 AGENCIES.—(a) The President may allocate or transfer to
13 any United States Government agency any part of any
14 funds available for carrying out the purposes of this
15 Act, including any advance to the United States by any
16 nation or international organization for the procurement
17 of equipment or materials or services. Such funds shall
18 be available for obligation and expenditure for the pur-
19 poses for which authorized, in accordance with authority
20 granted in this Act or under authority governing the
21 activities of the Government agencies to which such funds
22 are allocated or transferred. Funds allocated to the Depart-
23 ment of Defense shall be governed by the procedures of
24 subsection (c) of this section.

25 (b) Any officer of the United States performing func-

1 tions under this Act may utilize the services and facilities
2 of, or procure commodities from, any United States Gov-
3 ernment agency as the President shall direct, or with the
4 consent of the head of such agency, and funds allocated
5 pursuant to this subsection to any such agency may be
6 established in separate appropriation accounts on the books
7 of the Treasury.

8 ~~(e)~~ Reimbursement shall be made to any United States
9 Government agency, from funds available to carry out
10 chapter 1 of title I of this Act, for any assistance fur-
11 nished under that chapter from, by, or through such
12 agency. Such reimbursement shall be in an amount equal
13 to the value ~~(as defined in section 545)~~ of the equipment
14 and materials, services ~~(other than salaries of members~~
15 ~~of the Armed Forces of the United States)~~, or other assist-
16 ance furnished, plus expenses arising from or incident to
17 operations under that chapter. The amount of any such
18 reimbursement shall be credited as reimbursable receipts
19 to current applicable appropriations, funds, or accounts of
20 such agency and shall be available for, and under the
21 authority applicable to, the purposes for which such appro-
22 priations, funds, or accounts are authorized to be used,
23 including the procurement of equipment and materials or
24 services, required by such agency, in the same general cate-
25 gory as those furnished by it or authorized to be procured by

1 it and expenses arising from and incident to such procurement.

2 (d) In the case of any commodity, service, or facility
3 procured from any United States Government agency under
4 any provision of this Act other than chapter 1 of title I,
5 reimbursement or payment shall be made to such agency
6 from funds available to carry out such provision. Such
7 reimbursement or payment shall be at replacement cost, or,
8 if required by law, at actual cost, or at any other price
9 authorized by law and agreed to by the owning or disposal
10 agency. The amount of any such reimbursement or pay-
11 ment shall be credited to current applicable appropriations,
12 funds, or accounts from which there may be procured
13 replacements of similar commodities, services, or facilities,
14 except that where such appropriations, funds, or accounts
15 are not reimbursable except by reason of this subsection,
16 and when the owning agency determines that such replace-
17 ment is not necessary, any funds received in payment
18 therefor shall be covered into the Treasury as miscellaneous
19 receipts.

20 (e) In furnishing assistance under this Act accounts
21 may be established on the books of any United States
22 Government agency or, on terms and conditions approved
23 by the Secretary of the Treasury, in banking institutions
24 in the United States, against which (i) letters of com-
25 mitment may be issued which shall constitute obligations

1 of the United States, and moneys due or to become due
 2 under such letters of commitment shall be assignable under
 3 the Assignment of Claims Act of 1940, as amended, and
 4 ~~(ii)~~ withdrawals may be made by recipient nations or
 5 agencies, organizations or persons upon presentation of con-
 6 tracts, invoices, or other appropriate documentation. Ex-
 7 penditure of funds which have been made available through
 8 accounts so established shall be accounted for on standard
 9 documentation required for expenditure of Government
 10 funds: *Provided*, That such expenditures for commodities or
 11 services procured outside the continental limits of the United
 12 States may be accounted for exclusively on such certification
 13 as may be prescribed in regulations approved by the Comp-
 14 troller General of the United States.

15 SEC. 523. COORDINATION WITH FOREIGN POLICY.—
 16 ~~(a)~~ Nothing contained in this Act shall be construed to
 17 infringe upon the powers or functions of the Secretary of
 18 State.

19 ~~(b)~~ The President shall prescribe appropriate proce-
 20 dures to assure coordination among representatives of the
 21 United States Government in each country, under the leader-
 22 ship of the Chief of the United States Diplomatic Mission.

23 SEC. 524. THE SECRETARY OF DEFENSE.—~~(a)~~ In the
 24 case of aid under chapter 1 of title I of this Act, the Secre-
 25 tary of Defense shall have primary responsibility for—

1 ~~(1)~~ the determination of military end-item require-
2 ments;

3 ~~(2)~~ the procurement of military equipment in a
4 manner which permits its integration with service
5 programs;

6 ~~(3)~~ the supervision of end-item use by the recipi-
7 ent countries;

8 ~~(4)~~ the supervision of the training of foreign mili-
9 tary personnel;

10 ~~(5)~~ the movement and delivery of military end-
11 items; and

12 ~~(6)~~ within the Department of Defense, the per-
13 formance of any other functions with respect to the
14 furnishing of military assistance.

15 ~~(b)~~ The establishment of priorities in the procurement,
16 delivery, and allocation of military equipment shall be de-
17 termined by the Secretary of Defense. The determination
18 of the value of the program for any country under chap-
19 ter 4 of title I shall be made by the President.

20 SEC. 525. FOREIGN OPERATIONS ADMINISTRATION.—

21 Except as modified pursuant to this section or section 521,
22 the Director of the Foreign Operations Administration (re-
23 ferred to in this chapter as the “Director”) shall continue
24 to perform the functions vested in him on the effective date
25 of this Act, except insofar as such functions relate to continu-

ous supervision and general direction of programs of military assistance. The President may transfer to any agency or officer of the United States, and may modify or abolish, any function, office, or entity of the Foreign Operations Administration or any officer or employe thereof, and may transfer such personnel, property, records, and funds as may be necessary incident thereto.

SEC. 526. MISSIONS AND STAFFS ABROAD.—The President may maintain special missions or staffs abroad in such nations and for such periods of time as may be necessary to carry out this Act. Each such special mission or staff shall be under the direction of a chief. The chief and his deputy shall be appointed by the President and may, notwithstanding any other law, be removed by the President at his discretion. The chief shall be entitled to receive (1) in cases approved by the President, the same compensation and allowances as a chief of mission, class 3, or a chief of mission, class 4, within the meaning of the Foreign Service Act of 1946 (22 U. S. C. 801), or (2) compensation and allowances in accordance with section 527 (c) of this Act, as the President shall determine to be appropriate.

SEC. 527. EMPLOYMENT OF PERSONNEL.—(a) Any United States Government agency performing functions under this Act is authorized to employ such personnel as the

1 President deems necessary to carry out the provisions and
2 purposes of this Act.

3 (b) Of the personnel employed in the United States on
4 programs authorized by this Act, not to exceed sixty may be
5 compensated without regard to the provisions of the Classifi-
6 cation Act of 1949, as amended, of whom not to exceed
7 thirty-five may be compensated at rates higher than those
8 provided for grade 15 of the general schedule established
9 by the Classification Act of 1949, as amended, and of these,
10 not to exceed fifteen may be compensated at a rate in excess
11 of the highest rate provided for grades of such general
12 schedule but not in excess of \$15,000 per annum. Such
13 positions shall be in addition to those authorized by law to
14 be filled by Presidential appointment, and in addition to the
15 number authorized by section 505 of the Classification Act
16 of 1949, as amended.

17 (c) For the purpose of performing functions under this
18 Act outside the continental limits of the United States, the
19 Director may—

20 (1) employ or assign persons, or authorize the em-
21 ployment or assignment of officers or employees of other
22 United States Government agencies, who shall receive
23 compensation at any of the rates provided for the For-
24 eign Service Reserve and Staff by the Foreign Service

1 Act of 1946, as amended (22 U. S. C. 801), together
2 with allowances and benefits established thereunder in-
3 cluding, in all cases, post differentials prescribed under
4 section 443 of the Foreign Service Act; and persons so
5 employed or assigned shall be entitled to the same bene-
6 fits as are provided by section 528 of the Foreign Serv-
7 ice Act for persons appointed to the Foreign Service
8 Reserve; and

9 ~~(2)~~ utilize such authority, including authority to
10 appoint and assign personnel for the duration of opera-
11 tions under this Act, contained in the Foreign Service
12 Act of 1946, as amended (22 U. S. C. 801), as the
13 President deems necessary to carry out functions under
14 this Act. Such provisions of the Foreign Service Act as
15 the President deems appropriate shall apply to person-
16 nel appointed or assigned under this paragraph, includ-
17 ing, in all cases, the provisions of sections 443 and 528
18 of that Act.

19 ~~(d)~~ For the purpose of performing functions under this
20 Act outside the continental limits of the United States, the
21 Secretary of State may, at the request of the Director,
22 appoint for the duration of operations under this Act alien
23 clerks and employees in accordance with applicable pro-
24 visions of the Foreign Service Act of 1946, as amended
25 ~~(22 U. S. C. 801)~~.

1 SEC. 528. DETAIL OF PERSONNEL TO FOREIGN GOV-

2 ERNMENTS.—(a) Whenever the President determines it to
3 be consistent with and in furtherance of the purposes of this
4 Act, the head of any United States Government agency is
5 authorized to detail or assign any officer or employee of his
6 agency to any office or position to which no compensation
7 is attached with any foreign government or foreign gov-
8 ernment agency: *Provided*, That such acceptance of office
9 shall in no case involve the taking of an oath of allegiance
10 to another government.

11 (b) Any such officer or employee, while so assigned
12 or detailed, shall be considered, for the purpose of preserving
13 his privileges, rights, seniority, or other benefits as such,
14 an officer or employee of the Government of the United
15 States and of the Government agency from which assigned
16 or detailed, and he shall continue to receive compensation,
17 allowances, and benefits from funds available to that agency
18 or made available to that agency out of funds authorized
19 under this Act.

20 SEC. 529. DETAIL OF PERSONNEL TO INTERNATIONAL

21 ORGANIZATIONS.—(a) Whenever the President determines
22 it to be consistent with and in furtherance of the purposes
23 of this Act, the head of any United States Government
24 agency is authorized to detail, assign, or otherwise make

1 available to any international organization any officer or
2 employee of his agency to serve with or as a member of
3 the international staff of such organization, or to render
4 any technical, scientific or professional advice or service
5 to or in cooperation with such organization.

6 (b) Any such officer or employee, while so assigned or
7 detailed, shall be considered, for the purpose of preserving
8 his allowances, privileges, rights, seniority and other bene-
9 fits as such, an officer or employee of the Government of
10 the United States and of the Government agency from
11 which detailed or assigned, and he shall continue to receive
12 compensation, allowances, and benefits from funds avail-
13 able to that agency or made available to that agency out
14 of funds authorized under this Act. He may also receive,
15 under such regulations as the President may prescribe,
16 representation allowances similar to those allowed under
17 section 901 of the Foreign Service Act of 1946, as amended
18 (22 U. S. C. 801). The authorization of such allowances
19 and other benefits and the payment thereof out of any
20 appropriations available therefor shall be considered as
21 meeting all the requirements of section 1765 of the Revised
22 Statutes.

23 (c) Details or assignments may be made under this
24 section—

1 ~~(1)~~ without reimbursement to the United States
2 by the international organization;

3 ~~(2)~~ upon agreement by the international organiza-
4 tion to reimburse the United States for compensation,
5 travel expenses, and allowances or any part thereof,
6 payable to such officer or employee during the period of
7 assignment or detail in accordance with subsection ~~(b)~~
8 of this section; and such reimbursement shall be credited
9 to the appropriation, fund, or account utilized for paying
10 such compensation, travel expenses, or allowances, or to
11 the appropriation, fund or account currently available for
12 such purposes;

13 ~~(3)~~ upon an advance of funds, property, or services
14 to the United States accepted with the approval of the
15 President for specified uses in furtherance of the purposes
16 of this Act; and funds so advanced may be established as
17 a separate fund in the Treasury of the United States, to
18 be available for the specified uses, and to be used for re-
19 imbursement of appropriations or direct expenditure sub-
20 ject to the provisions of this Act, any unexpended bal-
21 ance of such account to be returned to the international
22 organization; or

23 ~~(4)~~ subject to the receipt by the United States of
24 a credit to be applied against the payment by the United

1 States of its share of the expenses of the international
2 organization to which the officer or employee is detailed,
3 such credit to be based upon the compensation, travel
4 expenses and allowances, or any part thereof, payable to
5 such officer or employee during the period of assignment
6 or detail in accordance with subsection (b) of this
7 section.

8 SEC. 530. EXPERTS AND CONSULTANTS OR ORGANIZA-
9 TIONS THEREOF.—(a) Experts and consultants or organiza-
10 tions thereof, as authorized by section 15 of the Act of Au-
11 gust 2, 1946 (5 U. S. C. 55a), may be employed by any
12 United States Government agency for the performance of
13 functions under this Act, and individuals so employed may
14 be compensated at rates not in excess of \$75 per diem, and
15 while away from their homes or regular places of business,
16 they may be paid actual travel expenses and per diem in lieu
17 of subsistence and other expenses at a rate not to exceed \$10
18 while so employed within the continental limits of the United
19 States and at the applicable rate prescribed in the Standard-
20 ized Government Travel Regulations (Foreign Areas) while
21 so employed outside the continental limits of the United
22 States.

23 (b) Persons of outstanding experience and ability may
24 be employed without compensation by any United States
25 Government agency for the performance of functions under

1 this Act in accordance with the provisions of section 710
2 ~~(b)~~ of the Defense Production Act of 1950, as amended
3 ~~(50 U. S. C. App. 2160)~~, and regulations issued there-
4 under.

5 SEC. 531. SECURITY CLEARANCE.—No citizen or resi-
6 dent of the United States may be employed, or if already
7 employed, may be assigned to duties by the Director under
8 this Act for a period to exceed three months unless—

9 ~~(a)~~ such individual has been investigated as to
10 loyalty and security by the Civil Service Commission, or
11 by the Federal Bureau of Investigation in the case of
12 specific positions which have been certified by the Direc-
13 tor as being of a high degree of importance or sensitivity
14 or in case the Civil Service Commission investigation
15 develops data reflecting that the individual is of ques-
16 tionably loyalty, and a report thereon has been made
17 to the Director, and until the Director has certified in
18 writing ~~(and filed copies thereof with the Senate Com-~~
19 ~~mittee on Foreign Relations and the House Committee~~
20 ~~on Foreign Affairs)~~ that, after full consideration of such
21 report, he believes such individual is loyal to the United
22 States, its Constitution, and form of government, and
23 is not now and has never knowingly been a member of
24 any organization advocating contrary views; or

25 ~~(b)~~ such individual has been investigated by a mili-

1 tary intelligence agency and the Secretary of Defense
2 has certified in writing that he believes such individual
3 is loyal to the United States and filed copies thereof with
4 the Senate Committee on Foreign Relations and the
5 House Committee on Foreign Affairs

6 This section shall not apply in the case of any officer
7 appointed by the President by and with the advice and con-
8 sent of the Senate nor shall it apply in the case of any
9 person already employed under programs covered by this
10 Act who has been previously investigated in connection
11 with such employment

12 SEC. 532. EXEMPTION OF PERSONNEL FROM CERTAIN
13 FEDERAL LAWS.—Service of an individual as a member
14 of the Board established pursuant to section 307 of this
15 Act or as an expert or consultant under section 530 (a)
16 shall not be considered as service or employment bring-
17 ing such individual within the provisions of title 18, U. S. C.,
18 sections 281, 283 or 284, or of section 190 of the Revised
19 Statutes (5 U. S. C. 99), or of any other Federal law
20 imposing restrictions, requirements, or penalties in relation
21 to the employment of persons; the performance of services;
22 or the payment or receipt of compensation in connection
23 with any claim, proceeding, or matter involving the United
24 States, except insofar as such provisions of law may pro-
25 hibit any such individual from receiving compensation in

1 respect of any particular matter in which such individual
2 was directly involved in the performance of such service;
3 nor shall such service be considered as employment or hold-
4 ing of office or position bringing such individual within the
5 provisions of section 6 of the Act of May 22, 1920, as
6 amended (5 U. S. C. 715), section 212 of the Act of June
7 30, 1932 as amended (5 U. S. C. 59a), or any other Fed-
8 eral law limiting the reemployment of retired officers or
9 employees or governing the simultaneous receipt of compen-
10 sation and retired pay or annuities.

11 (b) Notwithstanding section 2 of the Act of July 31,
12 1894 (5 U. S. C. 62), which prohibits certain retired offi-
13 cers from holding certain office, any retired officer of any of
14 the services mentioned in the Career Compensation Act of
15 1949 may hold any office or appointment under this Act or
16 the Mutual Defense Assistance Control Act of 1951, but the
17 compensation of any such retired officer shall be subject to
18 the provisions of the Act of June 30, 1932 (5 U. S. C.
19 59), which does not permit retired pay to be added to the
20 compensation received as a civilian officer.

21 SEC. 533. REPORTS.—The President, from time to time
22 while funds appropriated for the purpose of this Act con-
23 tinue to be available for obligation, shall transmit to the
24 Congress reports covering each six months of operations, in
25 furtherance of the purposes of this Act, except information

1 the disclosure of which he deems incompatible with the
2 security of the United States. Reports provided for under
3 this section shall be transmitted to the Secretary of the
4 Senate or the Clerk of the House of Representatives, as the
5 case may be, if the Senate or the House of Representatives,
6 as the case may be, is not in session. —Such reports shall
7 include detailed information on the implementation of sections
8 504 and 414 (b) of this Act.

9 SEC. 534. COOPERATION WITH INTERNATIONAL OR-
10 GANIZATIONS.—(a) The President is authorized to request
11 the cooperation of or the use of the services and facilities of
12 the United Nations, its organs and specialized agencies, or
13 other international organizations, in carrying out the pur-
14 poses of this Act and may make payments by advancements
15 or reimbursements, for such purposes, out of funds made
16 available for the purposes of this Act, as may be necessary
17 therefor, to the extent that special compensation is usually
18 required for such services and facilities: *Provided*, That
19 nothing in this section shall be construed to authorize the
20 delegation to any international or foreign organization or
21 agency of authority to decide the method of furnishing assist-
22 ance under this Act to any country or the amount thereof.

23 (b) Whenever the President determines it to be in
24 furtherance of the purposes of this Act, United States
25 Government agencies, on request of international organiza-

1 tions, are authorized to furnish supplies, materials, and serv-
2 ices, on an advance of funds or reimbursement basis, to such
3 organizations. Such advances or reimbursements may be
4 credited to the current applicable appropriation or fund of
5 the agency concerned and shall be available for the purposes
6 for which such appropriations and funds are authorized to be
7 used.

8 CHAPTER 3. REPEAL AND MISCELLANEOUS

9 PROVISIONS

10 SEC. 541. EFFECTIVE DATE.—This Act shall take effect
11 on July 1, 1954.

12 SEC. 542. STATUTES REPEALED.—(a) There are hereby
13 repealed—

14 (1) an Act to provide for assistance to Greece and
15 Turkey, approved May 22, 1947, as amended;

16 (2) the joint resolution to provide for relief assist-
17 ance to the people of countries devastated by war, ap-
18 proved May 31, 1947, as amended;

19 (3) the Foreign Aid Act of 1947;

20 (4) the Foreign Assistance Act of 1948, as
21 amended; including the Economic Cooperation Act of
22 1948, as amended, the International Children's Emer-
23 gency Fund Assistance Act of 1948, as amended, the
24 Greek-Turkish Assistance Act of 1948, and the China
25 Aid Act of 1948, as amended;

1 ~~(5)~~ the Mutual Defense Assistance Act of 1949,
2 as amended;

3 ~~(6)~~ the Foreign Economic Assistance Act of 1950,
4 as amended; including the Economic Cooperation Act
5 of 1950, the China Area Aid Act of 1950, as amended,
6 the United Nations Palestine Refugee Aid Act of 1950,
7 and the Act for International Development, as amended;

8 ~~(7)~~ the Far Eastern Economic Assistance Act of
9 1950, as amended;

10 ~~(8)~~ the Yugoslav Emergency Relief Assistance
11 Act of 1950;

12 ~~(9)~~ the Mutual Security Act of 1951, as amended;

13 ~~(10)~~ the Mutual Security Act of 1952;

14 ~~(11)~~ the Mutual Security Act of 1953;

15 ~~(12)~~ section 12 of the joint resolution of Congress
16 approved November 4, 1939 ~~(54 Stat. 10; 22 U. S. C.~~
17 ~~452)~~;

18 ~~(13)~~ section 4 of the Act of March 3, 1925 ~~(50~~
19 ~~Stat. 887; 50 U. S. C. 165)~~; and

20 ~~(14)~~ section 968 of title 18, United States Code.

21 ~~(b)~~ References in other Acts to the Acts listed in sub-
22 section ~~(a)~~ shall hereafter be considered to be references to
23 the appropriate provisions of this Act.

24 ~~(c)~~ The repeal of the Acts listed in subsection ~~(a)~~

1 shall not be deemed to affect amendments contained in such
2 Acts to Acts not named in subsection (a).

3 SEC. 543. SAVING PROVISIONS.—

4 (a) Except as may be expressly provided to the con-
5 trary in this Act, all determinations, authorizations, regula-
6 tions, orders, contracts, agreements, and other actions is-
7 sued, undertaken or entered into under authority of any
8 provision of law repealed by section 542 shall continue in
9 full force and effect until modified by appropriate authority.

10 (b) Where provisions of this Act establish conditions
11 which must be complied with before use may be made of au-
12 thority contained in or funds authorized by this Act, com-
13 pliance with substantially similar conditions under Acts
14 named in section 542 shall be deemed to constitute compli-
15 ance with the conditions established by this Act.

16 (c) No person in the service or employment of the
17 United States or otherwise performing functions under an
18 Act repealed by section 542 or under section 408 shall be
19 required to be reappointed or reemployed by reason of the
20 entry into force of this Act, except that appointments made
21 pursuant to section 110 (a) (2) of the Economic Coopera-
22 tion Act of 1948, as amended, shall be converted to appoint-
23 ments under section 527 (c) of this Act.

24 SEC. 544. AMENDMENTS TO OTHER LAWS.—(a) Title

1 X of the United States Information and Educational Ex-
2 change Act of 1948, as amended (22 U. S. C. 1431), is
3 amended by adding the following new section:

4 "INFORMATIONAL MEDIA GUARANTIES

5 "SEC. 1011. The Director of the United States Infor-
6 mation Agency may make guaranties, in accordance with
7 the provisions of subsection (b) of section 414 of the Mutual
8 Security Act of 1954, of investments in enterprises producing
9 or distributing informational media consistent with the na-
10 tional interests of the United States against funds heretofore
11 made available by notes issued to the Secretary of the Treas-
12 ury pursuant to section 111 (c) (2) of the Economic Co-
13 operation Act of 1948, as amended, for purposes of guaranties
14 of investments: *Provided, however,* That the amount of such
15 guaranties in any fiscal year shall be determined by the
16 President but shall not exceed \$10,000,000."

17 (b) Section 4 of Public Law 283, Eighty-first Congress,
18 is repealed. The Institute of Inter-American Affairs, ere-
19 ated pursuant to Public Law 369, Eightieth Congress (22
20 U. S. C. 281), shall have succession until June 30, 1960,
21 and may make contracts for periods not to exceed five
22 years: *Provided,* That any contract extending beyond June
23 30, 1960, shall be made subject to termination by the said
24 Institute upon notice: *And provided further,* That the said
25 Institute shall, on and after July 1, 1954, be subject to the

1 applicable provisions of the Budget and Accounting Act,
2 1921, as amended (31 U. S. C. 1), in lieu of the provisions
3 of the Government Corporation Control Act, as amended
4 (31 U. S. C. 841).

5 SEC. 545. DEFINITIONS.—For the purposes of this Act—

6 (a) The term “commodity” includes any commodity,
7 material, article, supply, or goods.

8 (b) The term “surplus agricultural commodity” means
9 any agricultural commodity or product thereof, class, kind,
10 type, or other specification thereof, produced in the United
11 States either publicly or privately owned, which is in excess
12 of domestic requirements, adequate carryover, and antici-
13 pated exports for dollars, as determined by the Secretary of
14 Agriculture.

15 (c) The terms “equipment” and “materials” shall mean
16 any arms, ammunition, or implements of war, or any other
17 type of material, article, raw material, facility, tool, ma-
18 chine, supply or item that would further the purpose of
19 chapter 1 of title I, or any component or part thereof, used
20 or required for use in connection therewith, or required
21 in or for the manufacture, production, processing, storage,
22 transportation, repair, or rehabilitation of any equipment
23 or materials, but shall not include merchant vessels.

24 (d) The term “mobilization reserve”, as used with re-
25 spect to any equipment or materials, means the quantity of

1 such equipment or materials determined by the Secretary of
2 Defense under regulations prescribed by the President to be
3 required to support mobilization of the Armed Forces of the
4 United States in the event of war or national emergency
5 until such time as adequate additional quantities of such
6 equipment or materials can be procured.

7 (e) The term "excess", as used with respect to any
8 equipment or materials, means the quantity of such equip-
9 ment or materials owned by the United States which is
10 in excess of the mobilization reserve of such equipment or
11 materials.

12 (f) The term "services" shall include any service,
13 repair, training of personnel, or technical or other assist-
14 ance or information necessary to effectuate the purposes
15 of this Act.

16 (g) The term "Armed Forces of the United States"
17 shall include any component of the Army of the United
18 States, of the United States Navy, of the United States
19 Marine Corps, of the Air Force of the United States, of the
20 United States Coast Guard, and the Reserve components
21 thereof.

22 (h) The term "value" means—

23 (1) with respect to any excess equipment or mate-
24 rials furnished under chapter 1 of title I, the gross cost

1 of repairing, rehabilitating, or modifying such equip-
2 ment or materials prior to being so furnished;

3 ~~(2)~~ with respect to any nonexcess equipment or
4 materials furnished under chapter 1 of title I which are
5 taken from the mobilization reserve ~~(other than equip-~~
6 ~~ment or materials referred to in paragraph (3) of this~~
7 ~~subsection)~~, the actual or the projected ~~(computed as~~
8 ~~accurately as practicable)~~ cost of procuring for the mo-
9 bilization reserve an equal quantity of such equipment
10 or materials or an equivalent quantity of equipment or
11 materials of the same general type but deemed to be
12 more desirable for inclusion in the mobilization reserve
13 than the equipment or materials furnished:

14 ~~(3)~~ with respect to any nonexcess equipment or
15 materials furnished under chapter 1 of title I which are
16 taken from the mobilization reserve but with respect to
17 which the Secretary of Defense has certified that it is
18 not necessary fully to replace such equipment or mate-
19 rials in the mobilization reserve, the gross cost to the
20 United States of such equipment and materials or its
21 replacement cost, whichever the Secretary of Defense
22 may specify; and

23 ~~(4)~~ with respect to any equipment or materials
24 furnished under chapter 1 of title I which are procured

1 for the purpose of being so furnished, the gross cost to
2 the United States of such equipment and materials.

3 In determining the gross cost incurred by any agency in
4 repairing, rehabilitating, or modifying any excess equip-
5 ment furnished under chapter 1 of title I, all parts, acces-
6 sories, or other materials used in the course of repair, re-
7 habilitation, or modification shall be priced in accordance
8 with the current standard pricing policies of such agency.
9 For the purpose of this subsection, the gross cost of any
10 equipment or materials taken from the mobilization reserve
11 means either the actual gross cost to the United States of
12 that particular equipment or materials or the estimated
13 gross cost to the United States of that particular equip-
14 ment or materials obtained by multiplying the number of
15 units of such particular equipment or materials by the
16 average gross cost of each unit of that equipment and
17 materials owned by the furnishing agency.

18 (i) The term "United States Government agency"
19 means any department, agency, board, wholly or partly
20 owned corporation, or instrumentality, commission, or estab-
21 lishment of the United States Government.

22 SEC. 546. CONSTRUCTION.—(a) If any provision of
23 this Act or the application of any provision to any circum-
24 stances or persons shall be held invalid, the validity of the
25 remainder of the Act and applicability of such provision

1 to other circumstances or persons shall not be affected
2 thereby.

3 ~~(b)~~ Nothing in this Act shall alter, amend, revoke,
4 repeal, or otherwise affect the provisions of the Atomic
5 Energy Act of 1946, as amended (42 U. S. C. 1801).

6 ~~(c)~~ Nothing in this Act is intended nor shall it be
7 construed as an expressed or implied commitment to pro-
8 vide any specific assistance, whether of funds, commodi-
9 ties, or services, to any nation or nations, or to any inter-
10 national organization.

11 *That this Act may be cited as the "Mutual Security Act*
12 *of 1954".*

13 *TITLE I—MUTUAL DEFENSE ASSISTANCE*

14 *CHAPTER 1. MILITARY ASSISTANCE*

15 *SEC. 101. PURPOSE OF CHAPTER.—The Congress of*
16 *the United States reaffirms the policy of the United States*
17 *to achieve international peace and security through the*
18 *United Nations so that armed force shall not be used ex-*
19 *cept in the common defense. The Congress hereby finds*
20 *that the efforts of the United States and other nations to*
21 *promote peace and security require additional measures of*
22 *support based upon the principle of continuous and effec-*
23 *tive self-help and mutual aid. It is the purpose of this*
24 *chapter to authorize measures in the common defense, in-*

1 cluding the furnishing of military assistance to friendly
2 nations and international organizations in order to pro-
3 mote the foreign policy, security, and general welfare of
4 the United States and to facilitate the effective participa-
5 tion of such nations in arrangements for individual and
6 collective self-defense. In furnishing such military assist-
7 ance, it remains the policy of the United States to con-
8 tinue to exert maximum efforts to achieve universal control
9 of weapons of mass destruction and universal regulation
10 and reduction of armaments, including armed forces, under
11 adequate safeguards to protect complying nations against
12 violation and evasion.

13 The Congress reaffirms its previous expressions favor-
14 ing the creation by the free peoples of the Far East and
15 the Pacific of a joint organization, consistent with the
16 Charter of the United Nations, to establish a program of
17 self-help and mutual cooperation designed to develop their
18 economic and social well-being, to safeguard basic rights and
19 liberties and to protect their security and independence.

20 The Congress hereby reiterates its opposition to the seat-
21 ing in the United Nations of the Communist China regime
22 as the representative of China. In the event of the seating
23 of representatives of the Chinese Communist regime in the
24 Security Council or General Assembly of the United Nations,
25 the President is requested to inform the Congress insofar as is

1 *compatible with the requirements of national security, of the*
2 *implications of this action upon the foreign policy of the*
3 *United States and our foreign relationships, including that*
4 *created by membership in the United Nations, together with*
5 *any recommendations which he may have with respect to the*
6 *matter.*

7 *SEC. 102. GENERAL AUTHORITY.—Military assistance*
8 *may be furnished under this chapter on a grant or loan*
9 *basis and upon such other appropriate terms as may be*
10 *agreed upon, by the procurement from any source and the*
11 *transfer to eligible nations and international organizations of*
12 *equipment, materials, and services or by the provision of any*
13 *service, including the assignment or detail of members of*
14 *the Armed Forces and other personnel of the Department*
15 *of Defense solely to assist in an advisory capacity or to per-*
16 *form other duties of a noncombatant nature, including mili-*
17 *tary training or advice.*

18 *SEC. 103. AUTHORIZATIONS.—(a) There is hereby*
19 *authorized to be appropriated to the President, in addition*
20 *to appropriations authorized by sections 104 and 105, not*
21 *to exceed \$1,265,300,000, to carry out the purpose of this*
22 *chapter; and, in addition, unexpended balances of appropria-*
23 *tions for military assistance under each paragraph of the*
24 *Mutual Security Appropriation Act, 1954 (except the ap-*
25 *propriation for mutual special weapons planning), are hereby*

1 *authorized to be continued available for the purpose of this*
2 *chapter and to be consolidated with the appropriation*
3 *authorized by his subsection; all of which is hereby author-*
4 *ized to be continued available through June 30, 1955.*

5 *(b) Funds made available pursuant to subsection (a)*
6 *of this section shall be available for the administrative and*
7 *operating expenses of carrying out the purpose of this*
8 *chapter including expenses incident to United States partici-*
9 *pation in international security organizations.*

10 *(c) Funds made available pursuant to subsection (a)*
11 *of this section may be used for the procurement of equip-*
12 *ment or materials outside the United States unless the*
13 *President determines that such procurement will result in*
14 *one or more of the following conditions:*

15 *(1) Adverse effects upon the economy of the United*
16 *States, with special reference to any areas of labor sur-*
17 *plus, or upon the industrial mobilization base, which*
18 *outweigh the strategic and logistic advantages to the*
19 *United States of procurement abroad;*

20 *(2) Production of such equipment or materials*
21 *outside the United States under inadequate safeguards*
22 *against sabotage or the release to potential enemies*
23 *of information detrimental to the security of the United*
24 *States;*

(3) *Unjustifiable cost in comparison with procurement in the United States, taking into account transportation costs for delivery overseas; and*

(4) *Delays in delivery incompatible with United States defense objectives.*

SEC. 104. INFRASTRUCTURE.—(a) *The President is authorized to make contributions to infrastructure programs of the North Atlantic Treaty Organization, in accordance with agreements already made between the member nations, out of funds made available pursuant to this section, or section 103, or chapter IX of the Supplemental Appropriation Act, 1953, of amounts totaling not more than \$780,000,000, less amounts already contributed for such purpose. There is hereby authorized to be appropriated to the President for such purpose, in installments prior to June 30, 1958, not to exceed \$321,000,000, to remain available until expended. Such contributions by the United States shall not exceed its proportionate share, as heretofore agreed upon, of the expenses of such programs.*

(b) *When the President determines that it is in the interest of the security of the United States to participate in programs for the acquisition or construction of facilities in foreign nations for collective defense other than programs of the North Atlantic Treaty Organization, he may*

1 use for such purpose funds made available under section 103
2 or local currencies made available under section 402 in
3 amounts totaling not more than \$50,000,000.

4 (c) Notwithstanding section 501 of this Act, no funds
5 other than those referred to in subsections (a) and (b)
6 of this section may be expended for the purposes of this
7 section. No funds shall be expended under this section for
8 rental or purchase of land or for payment of taxes.

9 SEC. 105. DEVELOPMENT OF WEAPONS OF ADVANCED
10 DESIGN.—There is hereby authorized to be appropriated to
11 the President not to exceed \$27,000,000, to remain available
12 until expended, for the purpose of encouraging and expedit-
13 ing the development of weapons of advanced design by
14 nations or international organizations eligible to receive
15 military assistance under this chapter. Notwithstanding any
16 other provision of this Act, funds made available pursuant to
17 this section may be used only for the purpose of this section.
18 In addition, the unexpended balance of the prior appropria-
19 tion made pursuant to section 542 of the Mutual Security
20 Act of 1951, as amended, is authorized to be continued avail-
21 able for the purpose of this section until expended and to be
22 consolidated with the appropriation authorized by this section.

23 SEC. 106. CONDITIONS APPLICABLE TO MILITARY
24 ASSISTANCE.—(a) Military assistance may be furnished
25 with funds appropriated under this chapter to any nation

1 *whose increased ability to defend itself the President shall*
2 *have determined to be important to the security of the*
3 *United States and which is otherwise eligible to receive such*
4 *assistance. Equipment and materials so furnished shall be*
5 *made available solely to maintain the internal security and*
6 *legitimate self-defense of the recipient nation, or to permit*
7 *it to participate in the defense of its area or in collective*
8 *security arrangements and measures consistent with the Char-*
9 *ter of the United Nations. The President shall be satisfied*
10 *that such equipment and materials will not be used to under-*
11 *take any act of aggression against any nation.*

12 *(b) In addition to the authority and limitations con-*
13 *tained in the preceding subsection, the following provisions*
14 *shall apply to particular areas:*

15 *(1) In order to promote an integrated defense of the*
16 *North Atlantic area and to support concrete measures for*
17 *political federation, military integration, and economic*
18 *unification in Europe, equipment and materials of the value*
19 *programed and obligated for fiscal years 1954 and 1955 for*
20 *nations signing the treaty constituting the European Defense*
21 *Community shall, pending the coming into force of the treaty,*
22 *be delivered only to such of these nations as have ratified the*
23 *treaty, and have joined together in or are developing collec-*
24 *tive defense programs in a manner satisfactory to the United*
25 *States as determined by the President.*

1 (2) *Military assistance furnished to any nation in the*
2 *Near East, Africa, and South Asia to permit it to partici-*
3 *pate in the defense of its area shall be furnished only in*
4 *accordance with plans and arrangements which shall have*
5 *been found by the President to require the recipient nation*
6 *to take an important part therein.*

7 (3) *In furnishing military assistance in the Far East*
8 *and the Pacific and in carrying out the provisions of section*
9 *121 of this Act, the President shall give the fullest assistance*
10 *to the free peoples in that area, in their creation of a joint or-*
11 *ganization, consistent with the Charter of the United Na-*
12 *tions, to establish a program of self-help and mutual coop-*
13 *eration designed to develop their economic and social well-*
14 *being, to safeguard basic rights and liberties, and to protect*
15 *their security and independence.*

16 (4) *Military assistance may be furnished to the other*
17 *American Republics only in accordance with defense plans*
18 *which shall have been found by the President to require*
19 *the recipient nation to participate in missions important to*
20 *the defense of the Western Hemisphere.*

21 (c) *The Secretary of Defense shall insure that the value*
22 *(as determined pursuant to section 545) of equipment, ma-*
23 *terials, and services heretofore furnished under military as-*
24 *sistance programs authorized by Acts repealed by this Act or*
25 *hereafter furnished pursuant to section 103 (a) to nations*

1 or organizations in each of the four areas named in this sub-
2 section shall not exceed the total of the funds heretofore
3 made available for military assistance in that area pursuant
4 to Acts repealed by this Act plus the amount herein speci-
5 fied for that area:

6 (1) In the European area (excluding Greece and Tur-
7 key), \$617,500,000.

8 (2) In the Near East (including Greece and Turkey),
9 Africa, and South Asia, \$181,200,000.

10 (3) In the Far East and the Pacific, \$583,600,000.

11 (4) In the Western Hemisphere, \$13,000,000.

12 (d) Whenever the President determines it to be nec-
13 essary for the purpose of this title, equipment, materials,
14 and services of a value not to exceed 15 per centum of
15 the sum of (1) that portion of the unexpended balances re-
16 ferred to in section 103 (a) which was available on June 30,
17 1954, to furnish assistance in any of the areas named in sub-
18 section (c) of this section, and (2) the amount specified in
19 the applicable paragraph of subsection (c) of this section for
20 additional assistance in such area, may be furnished in any
21 other such area or areas, notwithstanding the limitations set
22 forth in subsection (c) of this section. Funds heretofore ob-
23 ligated or programed or hereafter made available solely for
24 the purpose of section 104 (pertaining to infrastructure) or
25 section 105 (pertaining to the development of weapons of

1 advanced design) shall not be included in the total fixed for
2 each such area. Funds heretofore appropriated for military
3 assistance in a particular geographic area but transferred
4 from such use under section 513 of the Mutual Security Act
5 of 1951, as amended, or under section 408 (c) of the Mutual
6 Defense Assistance Act, shall be included in the total for the
7 area for the benefit of which such transfer was made, and not
8 in the total for the area from which the transfer was made.

9 SEC. 107. SALE OF MILITARY EQUIPMENT, MATE-
10 RIALS, AND SERVICES.—(a) The President may, in order
11 to carry out the purpose of this chapter, sell or enter into
12 contracts (without requirement for charge to any appro-
13 priation or contract authorization) for the procurement for
14 sale of equipment, materials, or services to any nation
15 or international organization: Provided, That prior to the
16 transfer of any such equipment, materials, or services to
17 any nation which has not signed an agreement under
18 section 142 of this Act or joined with the United States
19 in a regional collective defense arrangement, the President
20 shall have received commitments satisfactory to him that
21 such equipment, materials, or services are required for and
22 will be used by such nation solely to maintain its inter-
23 nal security, its legitimate self-defense, or to permit it to
24 participate in the defense of the area of which it is a
25 part, or in collective security arrangements and measures

1 consistent with the Charter of the United Nations, and that
2 it will not undertake any act of aggression against any other
3 state.

4 (b) Whenever equipment or materials are sold from
5 the stocks of or services are rendered by any United States
6 Government agency to any nation or international organi-
7 zation as provided in subsection (a), such nation or inter-
8 national organization shall first make available the fair value,
9 as determined by the President, of such equipment, materials,
10 or services before delivery or, when the President determines
11 it to be in the best interests of the United States, within sixty
12 days thereafter or, as determined by the President, within
13 a reasonable period not to exceed three years. The fair value
14 for the purpose of this subsection shall not be less than the
15 value as defined in subsection (h) of section 545: Provided,
16 That with respect to excess equipment or materials the fair
17 value may not be determined to be less than (i) the mini-
18 mum value specified in that subsection plus the scrap value,
19 or (ii) the market value, if ascertainable, whichever is the
20 greater. Before a contract for new production is entered
21 into, or rehabilitation work is undertaken, such nation or
22 international organization shall (A) provide the United
23 States with a dependable undertaking to pay the full amount
24 of such contract or the cost of such rehabilitation which will
25 assure the United States against any loss on the contract or

1 *rehabilitation work, and (B) shall make funds available in*
2 *such amounts and at such times as may be necessary to meet*
3 *the payments required by the contract or the rehabilitation*
4 *work in advance of the time such payments are due, in*
5 *addition to the estimated amount of any damages and costs*
6 *that may accrue from the cancellation of such contract or*
7 *rehabilitation work.*

8 *(c) Sections 106, 141, and 142 shall not apply with*
9 *respect to assistance furnished under this section.*

10 *SEC. 108. WAIVERS OF LAW.—(a) The President may*
11 *perform any of the functions authorized under this chapter*
12 *without regard to (1) the provisions of title 10, United*
13 *States Code, section 1262 (a), and title 34, United States*
14 *Code, section 546 (e); and (2) such provisions as he may*
15 *specify of the joint resolution of November 4, 1939 (54*
16 *Stat. 4), as amended.*

17 *(b) Notwithstanding the provisions of Revised Statutes*
18 *1222 (10 U. S. C. 576), personnel of the Department of*
19 *Defense may be assigned or detailed to any civil office for the*
20 *purpose of enabling the President to furnish assistance under*
21 *this Act.*

22 *SEC. 109. TRANSFER OF MILITARY EQUIPMENT TO*
23 *JAPAN.—In addition to any program of military assistance*
24 *for which funds may be appropriated pursuant to this Act,*
25 *the President is hereby authorized to transfer to the Govern-*

1 *ment of Japan, until June 30, 1955, upon such terms and*
2 *conditions as he may specify, and upon its request, United*
3 *States military equipment and supplies programed for Japan*
4 *to meet its internal security requirements for which Depart-*
5 *ment of Defense appropriations were obligated prior to July*
6 *1, 1953. No appropriation shall be requested to replace the*
7 *military equipment and supplies so transferred, and no funds*
8 *heretofore or hereafter appropriated for the purpose of this*
9 *chapter shall be available for reimbursement to any United*
10 *States Government agency on account of any transfer made*
11 *pursuant to this section.*

12 *CHAPTER 2—SOUTHEAST ASIA AND THE WESTERN*
13 *PACIFIC, AND DIRECT FORCES SUPPORT*

14 *SEC. 121. SOUTHEAST ASIA AND THE WESTERN*
15 *PACIFIC.—There is hereby authorized to be appropriated to*
16 *the President for the fiscal year 1955, to be made available*
17 *on such terms and conditions, including transfer of funds,*
18 *as he may specify, not to exceed \$712,000,000 for expenses*
19 *necessary for the support of the forces of countries in the*
20 *area of Southeast Asia, including the Associated States of*
21 *Cambodia, Laos, and Vietnam and the forces of free*
22 *nations in the area including those of France located in*
23 *such Associated States and for other expenditures to*
24 *accomplish in Southeast Asia and the Western Pacific*
25 *the policies and purposes declared in this Act. In*

1 addition, the unexpended balances of funds allocated from
2 appropriations made pursuant to sections 304 and 540 of the
3 Mutual Security Act of 1951, as amended, for the purpose
4 of support of the forces of the Associated States of Cam-
5 bodia, Laos, and Vietnam and the forces of France located
6 in the Associated States, are hereby authorized to be con-
7 tinued available for the purpose of this section through
8 June 30, 1955, and to be consolidated with the appropria-
9 tion authorized by this section. Assistance under this section
10 shall be made available subject to the provisions of sections
11 141 and 142, except that in individual cases, the President
12 may waive specific provisions of section 142 to the extent
13 he may deem necessary in the national interest to carry out
14 the purposes of this Act. The President or such officer as
15 he may designate shall report each instance of such waiver
16 to the Foreign Relations, Appropriations, and Armed Serv-
17 ices Committees of the Senate and the Foreign Affairs,
18 Appropriations, and Armed Services Committees of the
19 House of Representatives within thirty days.

20 It is the sense of the Congress that no part of the funds
21 appropriated under this section shall be used on behalf of
22 governments which are committed by treaty to maintain
23 Communist rule over any defined territory of Asia.

24 SEC. 122. PRODUCTION FOR FORCES SUPPORT.—There
25 is hereby authorized to be appropriated to the President for

1 *the fiscal year 1955, to be made available on such terms and*
2 *conditions, including transfer of funds, as he may specify,*
3 *not to exceed \$70,000,000 for manufacture in the United*
4 *Kingdom of military aircraft required by United Kingdom*
5 *forces for the defense of the North Atlantic area. In addi-*
6 *tion, unexpended balances of appropriations made pursuant*
7 *to section 102 of the Mutual Security Act of 1951, as*
8 *amended, are hereby authorized to be continued available*
9 *for their original purposes through June 30, 1955, and the*
10 *unexpended balance of the appropriation made pursuant to*
11 *the second clause of that section is authorized to be con-*
12 *solidated with the appropriation authorized by this section.*

13 *SEC. 123. COMMON USE ITEMS.—There is hereby*
14 *authorized to be appropriated to the President for the*
15 *fiscal year 1955 not to exceed \$64,000,000 for the provi-*
16 *sion of any common-use equipment, materials, commodi-*
17 *ties, or services which are to be used by military forces*
18 *of nations receiving assistance under chapter 1 of this*
19 *title. Programs authorized by this section shall be admin-*
20 *istered in accordance with the provisions of chapter 1 or*
21 *chapter 3 of this title.*

22 *CHAPTER 3—DEFENSE SUPPORT*

23 *SEC. 131. GENERAL AUTHORITY.—(a) The President*
24 *is hereby authorized to furnish commodities, services, and*
25 *financial and other assistance designed to sustain and in-*

1 crease military effort. In furnishing such assistance, the
2 President may provide for the procurement and transfer
3 from any source of any commodity or service (including
4 processing, storing, transporting, marine insurance, and re-
5 pairing) or any technical information and assistance.

6 (b) There is hereby authorized to be appropriated to
7 the President for the fiscal year 1955 to carry out the
8 provisions of this section, not to exceed—

9 (1) \$71,000,000 for Europe (excluding Greece
10 and Turkey);

11 (2) \$73,000,000 for the Near East (including
12 Greece and Turkey), Africa, and South Asia; and

13 (3) \$86,230,195 for the Far East and the Pacific.

14 In addition, unexpended balances of appropriations hereto-
15 fore made pursuant to section 541 of the Mutual Security
16 Act of 1951, as amended, are hereby authorized to be con-
17 tinued available for the purpose of this subsection through
18 June 30, 1955, and to be consolidated with the appropriation
19 authorized for the same area by this subsection: Provided,
20 That portions of such unexpended balances which have been
21 allocated to assistance for Greece and Turkey shall be con-
22 solidated with the appropriation authorized by paragraph
23 (2) of this subsection.

24 SEC. 132. KOREAN PROGRAM.—(a) There is hereby
25 authorized to be appropriated to the President for the fiscal

1 year 1955 not to exceed \$205,000,000 to be expended, upon
2 terms and conditions specified by the President, for defense
3 support, relief and rehabilitation, and other necessary assist-
4 ance (including payment of ocean freight charges on ship-
5 ments for relief and rehabilitation, without regard to section
6 409 of this Act) in those parts of Korea which the President
7 shall have determined to be not under Communist control.
8 In addition, unexpended balances of funds heretofore allo-
9 cated for the purpose of relief and rehabilitation in Korea
10 pursuant to the paragraph entitled "Relief and Rehabilitation
11 in Korea", chapter VII, Supplemental Appropriation Act,
12 1954, and unobligated balances of the appropriation for
13 "Civilian Relief in Korea," title III, Department of Defense
14 Appropriation Act, 1954, are hereby authorized to be con-
15 tinued available for the purposes of this subsection through
16 June 30, 1955, and to be consolidated with the appropria-
17 tion authorized by this subsection.

18 (b) (1) Notwithstanding the provisions of any other
19 law, the President is authorized, at any time prior to twenty-
20 four months from the date of enactment of this Act, to
21 transfer to the Republic of Korea, by sale or charter and on
22 such terms and conditions as he may specify, not more than
23 eight CI-M-AVI vessels. Any agency of the United States
24 Government owning or operating such vessels is authorized

1 to make such vessels available for the purpose of this sub-
2 section. Funds made available pursuant to subsection (a)
3 of this section shall be available for the purpose of this sub-
4 section. Transfers under authority of this subsection shall
5 be subject to an agreement by the Republic of Korea that such
6 vessels shall be operated only in East Asian waters.

7 (2) Such transfers shall be made at prices determined
8 under section 3 of the Merchant Ship Sales Act of 1946 (50
9 U. S. C., App. 1736): Provided, That such vessels shall
10 be placed in class in accordance with minimum requirements
11 of the American Bureau of Shipping by the owning or oper-
12 ating agency, and the expense of placing in class shall be
13 reimbursed to such agency.

14 (c) There is hereby authorized to be appropriated for
15 the fiscal year 1955 not to exceed \$3,452,615 for making
16 contributions to the United Nations Korean Reconstruction
17 Agency or expenditure through such other agency for relief
18 and rehabilitation in Korea as the President may direct. In
19 addition, the unexpended balance of the appropriation made
20 pursuant to the last sentence of section 303 (a) of the Mutual
21 Security Act of 1951, as amended, is hereby authorized to be
22 continued available for the purpose of this subsection through
23 June 30, 1955, and to be consolidated with the appropria-
24 tion authorized by this subsection. Sections 141 and 142 of

1 *this Act shall not apply with respect to assistance furnished*
2 *under this subsection.*

3 *(d) To the extent necessary to accomplish the purposes*
4 *of this section (1) assistance may be furnished under this*
5 *section without regard to the other provisions of this title and*
6 *(2) the authority provided in section 307 may be exercised*
7 *in furnishing assistance under subsection (a) of this section.*

8 *CHAPTER 4—GENERAL PROVISIONS RELATING TO*

9 *MUTUAL DEFENSE ASSISTANCE*

10 *SEC. 141. CONDITIONS OF ELIGIBILITY FOR ASSIST-*
11 *ANCE.—No assistance shall be furnished under this title to*
12 *any nation or organization unless the President shall have*
13 *found that furnishing such assistance will strengthen the*
14 *security of the United States and promote world peace. No*
15 *such assistance shall be furnished to a nation unless it shall*
16 *have agreed to the provisions required by section 142, and*
17 *such additional provisions as the President deems necessary*
18 *to effectuate the policies and provisions of this title and to*
19 *safeguard the interests of the United States.*

20 *SEC. 142. AGREEMENTS.—No assistance shall be fur-*
21 *nished to any nation under this title unless such nation shall*
22 *have agreed to—*

23 *(1) join in promoting international understanding*
24 *and good will, and maintaining world peace;*

1 (2) take such action as may be mutually agreed
2 upon to eliminate causes of international tension;

3 (3) fulfill the military obligations, if any, which
4 it has assumed under multilateral or bilateral agree-
5 ments or treaties to which the United States is a party;

6 (4) make, consistent with its political and eco-
7 nomic stability, the full contribution permitted by its
8 manpower, resources, facilities, and general economic
9 condition to the development and maintenance of its own
10 defensive strength and the defensive strength of the free
11 world;

12 (5) take all reasonable measures which may be
13 needed to develop its defense capacities;

14 (6) take appropriate steps to insure the effective
15 utilization of the assistance furnished under this title in
16 furtherance of the policies and purposes of this title;

17 (7) impose appropriate restrictions against trans-
18 fer of title to or possession of any equipment and mate-
19 rials, information, or services furnished under chapter 1
20 of this title, without the consent of the President;

21 (8) maintain the security of any article, service,
22 or information furnished under chapter 1 of this title;

23 (9) furnish equipment and materials, services, or
24 other assistance consistent with the Charter of the United
25 Nations, to the United States or to and among other

1 *nations to further the policies and purpose of chapter 1*
2 *of this title;*

3 *(10) permit continuous observation and review*
4 *by United States representatives of programs of as-*
5 *istance authorized under this title, including the uti-*
6 *lization of any such assistance, or provide the United*
7 *States with full and complete information with re-*
8 *spect to these matters, as the President may require;*
9 *and*

10 *(11) in cases where any commodity is furnished*
11 *on a grant basis under any provision of this Act other*
12 *than chapter 1 of title I under arrangements which will*
13 *result in the accrual of proceeds to the recipient nation*
14 *from the import or sale thereof, establish a Special*
15 *Account, and—*

16 *(i) deposit in the Special Account, under such*
17 *terms and conditions as may be agreed upon, cur-*
18 *rency of the recipient nation in amounts equal to*
19 *such proceeds;*

20 *(ii) make available to the United States such*
21 *portion of the Special Account as may be mutually*
22 *agreed for the requirements of the United States; and*

23 *(iii) utilize the remainder of the Special Ac-*
24 *count for programs agreed to by the United States*
25 *to carry out the purposes for which new funds*

1 *authorized by this Act would themselves be avail-*
2 *able.*

3 *Any unencumbered balances of funds deposited in the*
4 *Special Account after the effective date of this Act*
5 *which remain in the Account upon termination of assist-*
6 *ance to such nation under this title shall be disposed of*
7 *for such purposes as may, subject to approval by Act or*
8 *joint resolution of the Congress, be agreed to between such*
9 *country and the Government of the United States.*

10 *SEC. 143. IRISH COUNTERPART.—Pursuant to section*
11 *115 (b) (6) of the Economic Cooperation Act of 1948, as*
12 *amended, the disposition within Ireland of the unencum-*
13 *bered balance, in the amount of approximately 6,000,000*
14 *Irish pounds, of the special account of Irish funds established*
15 *under article IV of the Economic Cooperation Agreement*
16 *between the United States of America and Ireland, dated*
17 *June 28, 1948, for the purposes of—*

18 *(1) scholarship exchange between the United States*
19 *and Ireland;*

20 *(2) other programs and projects (including the*
21 *establishment of an Agricultural Institute) to improve*
22 *and develop the agricultural production and marketing*
23 *potential of Ireland and to increase the production and*
24 *efficiency of Irish industry; and*

(3) development programs and projects in aid of the foregoing objectives,

is hereby approved, as provided in the agreement between the Government of the United States of America and the Government of Ireland, dated June 17, 1954.

TITLE II—DEVELOPMENT ASSISTANCE

SEC. 201. AUTHORIZATION.—(a) There is hereby authorized to be appropriated to the President for the fiscal year 1955, not to exceed—

(1) \$115,000,000 for assistance designed to promote the economic development of the Near East and Africa, and for other types of assistance designed to help maintain economic and political stability in the area;

(2) \$76,000,000 for assistance designed to promote the economic development of South Asia and to assist in maintaining economic and political stability in the area; and

(3) \$9,000,000 for assistance designed to promote economic development in the other American Republics and non-self-governing territories of the Western Hemisphere.

Such assistance may be furnished on such terms and conditions as the President may specify.

1 (b) In addition, unexpended balances of appropria-
2 tions heretofore made pursuant to sections 206 and 302
3 (b) of the Mutual Security Act of 1951, as amended, and
4 unexpended balances of funds allocated to the emergency
5 economic aid program for Bolivia are hereby authorized
6 to be continued available for the purposes of this section
7 through June 30, 1955, and to be consolidated with the
8 appropriations authorized by paragraphs (1), (2), and (3)
9 of subsection (a) of this section, respectively.

10 SEC. 202. ADMINISTRATION.—Except as necessary to
11 accomplish the purposes of section 201, programs of assist-
12 ance authorized by that section shall be administered in
13 accordance with sections 303, 307 and 308 (relating to
14 technical cooperation).

15 TITLE III—TECHNICAL COOPERATION

16 SEC. 301. DECLARATION OF PURPOSE.—It is the pol-
17 icy of the United States and the purpose of this title to aid
18 the efforts of the peoples of economically underdeveloped
19 areas to develop their resources and improve their working
20 and living conditions by encouraging the exchange of tech-
21 nical knowledge and skills and the flow of investment capital
22 to countries which provide conditions under which such
23 technical assistance and capital can effectively and con-
24 structively contribute to raising standards of living, creating

1 new sources of wealth, increasing productivity and expand-
2 ing purchasing power.

3 *SEC. 302. GENERAL AUTHORITY AND DEFINITION.—*
4 *The President is authorized to furnish assistance in accord-*
5 *ance with the provisions of this title, through bilateral*
6 *technical cooperation programs. As used in this title, the*
7 *term “technical cooperation programs” means programs for*
8 *the international interchange of technical knowledge and*
9 *skills designed to contribute primarily to the balanced and*
10 *integrated development of the economic resources and pro-*
11 *ductive capacities of economically underdeveloped areas.*
12 *Such activities may include, but need not be limited to,*
13 *economic, engineering, medical, educational, agricultural,*
14 *forestry, fishery, mineral, and fiscal surveys, demonstration,*
15 *training, and similar projects that serve the purpose of*
16 *promoting the development of economic resources, productive*
17 *capacities, and trade of economically underdeveloped areas,*
18 *and training in public administration. The term “technical*
19 *cooperation programs” does not include such activities author-*
20 *ized by the United States Information and Educational*
21 *Exchange Act of 1948 (62 Stat. 6) as are not primarily*
22 *related to economic development, nor activities undertaken*
23 *now or hereafter pursuant to the International Aviation*
24 *Facilities Act (62 Stat. 450), nor activities undertaken now*

1 *or hereafter in the administration of areas occupied by the*
2 *United States Armed Forces.*

3 *SEC. 303. PREREQUISITES TO ASSISTANCE.—Assist-*
4 *ance shall be made available under section 302 of this Act*
5 *only where the President determines that the nation being*
6 *assisted—*

7 *(a) pays a fair share of the cost of the program;*

8 *(b) provides all necessary information concerning*
9 *such program and gives the program full publicity;*

10 *(c) seeks to the maximum extent possible full co-*
11 *ordination and integration of technical cooperation pro-*
12 *grams being carried on in that nation;*

13 *(d) endeavors to make effective use of the results*
14 *of the program; and*

15 *(e) cooperates with other nations participating in*
16 *the program in the mutual exchange of technical*
17 *knowledge and skills.*

18 *SEC. 304. AUTHORIZATION.—There is hereby author-*
19 *ized to be appropriated to the President for the fiscal year*
20 *1955 \$112,070,000 for technical cooperation programs in*
21 *the Near East, Africa, South Asia, Far East and Pacific,*
22 *and Latin America. In addition, unexpended balances of*
23 *appropriations heretofore made pursuant to section 543 of*
24 *the Mutual Security Act of 1951, as amended, are author-*
25 *ized to be continued available for the purposes of this section*

1 through June 30, 1955, and to be consolidated with the
2 appropriation authorized by this section.

3 SEC. 305. LIMITATION ON USE OF FUNDS.—Funds
4 made available under section 304 may be expended to furnish
5 assistance in the form of equipment or commodities only
6 where necessary for instruction or demonstration purposes.

7 SEC. 306. MULTILATERAL TECHNICAL COOPERA-
8 TION.—As one means of accomplishing the purposes of this
9 title, the United States is authorized to participate
10 in multilateral technical cooperation programs carried on
11 by the United Nations, the Organization of American
12 States, their related organizations, and other international
13 organizations, wherever practicable. There is hereby au-
14 thorized to be appropriated to carry out the purpose of
15 this section, in addition to the amounts authorized by sec-
16 tion 304, not to exceed—

17 (a) \$17,958,000 for making contributions to the
18 United Nations Expanded Program of Technical
19 Assistance;

20 (b) \$1,500,000 for making contributions to the
21 technical cooperation program of the Organization of
22 American States.

23 SEC. 307. ADVANCES AND GRANTS; CONTRACTS.—
24 The President may make advances and grants-in-aid of
25 technical cooperation programs to any person, corporation,

1 or other body of persons or to any foreign government
2 agency. The President may make and perform contracts and
3 agreements in respect of technical cooperation programs on
4 behalf of the United States Government with any person,
5 corporation, or other body of persons however designated,
6 whether within or without the United States, or with any
7 foreign government or foreign government agency. A con-
8 tract or agreement which entails commitments for the expen-
9 diture of funds appropriated pursuant to this title may, sub-
10 ject to any future action of the Congress, run for not to
11 exceed three years.

12 SEC. 308. INTERNATIONAL DEVELOPMENT ADVI-
13 SORY BOARD.—There shall be an advisory board, referred to
14 in this section as the “Board”, which shall advise and consult
15 with the President, or such other officer as he may designate
16 to administer this title, with respect to general or basic policy
17 matters arising in connection with the operation of pro-
18 grams authorized by this title, title II, and section 414 (b).
19 The Board shall consist of not more than thirteen members
20 appointed by the President, one of whom, by and with the
21 advice and consent of the Senate, shall be appointed by him
22 as chairman. The members of the Board shall be broadly
23 representative of voluntary agencies and other groups in-
24 terested in the programs, including business, labor, agricul-
25 ture, public health, and education. All members of the

1 *Board shall be citizens of the United States; none except*
2 *the chairman shall be an officer or an employee of the*
3 *United States (including any United States Government*
4 *agency) who as such regularly receives compensation for*
5 *current services. Members of the Board, other than the*
6 *chairman if he is an officer of the United States Govern-*
7 *ment, shall receive out of funds made available for the pur-*
8 *pose of this title a per diem allowance of \$50 for each day*
9 *spent away from their homes or regular places of business*
10 *for the purpose of attendance at meetings of the Board or*
11 *at conferences held upon the call of the chairman, and in*
12 *necessary travel, and while so engaged they may be paid*
13 *actual travel expenses and not to exceed \$10 per diem in*
14 *lieu of subsistence and other expenses.*

15 *TITLE IV—OTHER PROGRAMS*

16 *SEC. 401. SPECIAL FUND.—Of the funds made avail-*
17 *able under this Act, not to exceed \$150,000,000 may be*
18 *used in any fiscal year, without regard to the requirements*
19 *of this Act or any other Act for which funds are authorized*
20 *by this Act, in furtherance of any of the purposes of such Acts,*
21 *when the President determines that such use is important to*
22 *the security of the United States. Not to exceed \$100,000,000*
23 *of the funds available under this section may be expended for*
24 *any selected persons who are residing in or escapees from the*
25 *Soviet Union, Poland, Czechoslovakia, Hungary, Rumania,*

1 *Bulgaria, Albania, Lithuania, Latvia, and Estonia or the*
2 *Communist-dominated or Communist-occupied areas of Ger-*
3 *many and Austria, or any Communist-dominated or Com-*
4 *munist-occupied areas of Asia and any other countries*
5 *absorbed by the Soviet Union, either to form such*
6 *persons into elements of military forces supporting*
7 *the North Atlantic Treaty Organization or for other*
8 *purposes, when the President determines that such assist-*
9 *ance will contribute to the defense of the North Atlantic*
10 *area or to the security of the United States. Certification*
11 *by the President that he has expended amounts under this*
12 *section not in excess of \$50,000,000, and that it is inad-*
13 *visable to specify the nature of such expenditures, shall be*
14 *deemed a sufficient voucher for such amounts. Not more*
15 *than \$20,000,000 of the funds available under this section*
16 *may be allocated to any one nation.*

17 *SEC. 402. EARMARKING OF FUNDS.—Of the funds*
18 *authorized to be made available pursuant to this Act not less*
19 *than \$350,000,000 shall be used to finance the transfer of*
20 *surplus agricultural commodities or products thereof pro-*
21 *duced in the United States in addition to surplus agricultural*
22 *commodities or products transferred pursuant to the Agri-*
23 *cultural Trade Development and Assistance Act of 1954,*
24 *and foreign currency proceeds therefrom shall be used for*
25 *the purposes of this Act. Notwithstanding section 1415 of*

1 the Supplemental Appropriation Act, 1953, or any other
2 provision of law, the President may use or enter into agree-
3 ments with friendly nations or organizations of nations to use
4 for such purposes the foreign currencies which accrue to the
5 United States under this section. To the extent practicable,
6 foreign currencies accruing from imports and sales under this
7 section and allocated to the United States shall be used and
8 usable for the same purpose for which the dollars used to
9 finance the purchase of surplus agricultural commodities
10 were originally programed.

11 SEC. 403. SPECIAL ASSISTANCE IN JOINT CONTROL
12 AREAS.—The President is hereby authorized to furnish com-
13 modities, services, and financial and other assistance to
14 nations and areas for which the United States has respon-
15 sibility as a result of participation in joint control arrange-
16 ments where found by the President to be in the interest of
17 the security of the United States. Funds appropriated pur-
18 suant to section 131 (b) (1) shall be available to carry out
19 this section.

20 SEC. 404. RESPONSIBILITIES IN GERMANY.—Upon
21 approval by the Secretary of State, a part of the German
22 currency now or hereafter deposited under the bilateral
23 agreement of December 15, 1949, between the United States
24 and the Federal Republic of Germany (or any supplementary
25 or succeeding agreement) shall be deposited in the GARIOA

1 *(Government and Relief in Occupied Areas) Special Ac-*
2 *count under the terms of article V of that agreement, and*
3 *currency which has been or may be deposited in said ac-*
4 *count, and any portion of funds made available for assist-*
5 *ance to the Federal Republic of Germany pursuant to section*
6 *403 of this Act, may be used for expenses necessary to*
7 *meet the responsibilities or objectives of the United States in*
8 *Germany, including responsibilities arising under the su-*
9 *preme authority assumed by the United States on June 5,*
10 *1945, and under contractual arrangements with the Federal*
11 *Republic of Germany. Expenditures may be made under*
12 *authority of this section in amounts and under conditions*
13 *determined by the Secretary of State after consultation with*
14 *the official primarily responsible for administration of pro-*
15 *grams under chapter 3 of title I, and without regard to any*
16 *provision of law which the President determines must be*
17 *disregarded in order to meet such responsibilities or*
18 *objectives.*

19 *SEC. 405. MOVEMENT OF MIGRANTS AND REFU-*
20 *GEES.—(a) For the purpose of assisting in the movement of*
21 *migrants, there is hereby authorized to be appropriated*
22 *not to exceed \$11,189,190 for contributions during the*
23 *calendar year 1955 to the Intergovernmental Committee*
24 *for European Migration, and thereafter such amounts as*
25 *may be necessary from time to time for the payment by*

1 *the United States of its contributions to the Committee*
2 *and all necessary salaries and expenses incident to United*
3 *States participation in the Committee. In addition, the*
4 *unexpended balance of the appropriation made pursuant*
5 *to section 534 of the Mutual Security Act of 1951, as*
6 *amended, is hereby authorized to be continued available*
7 *for the purpose of this subsection through June 30, 1955,*
8 *and to be consolidated with the appropriation authorized*
9 *in this subsection.*

10 *(b) Of the funds made available under this Act, not*
11 *more than \$800,000 may be used by the President to facil-*
12 *itate the migration to the other American Republics of persons*
13 *resident in that portion of the Ryukyu Island Archipelago*
14 *under United States control.*

15 *(c) There is hereby authorized to be appropriated*
16 *for the fiscal year 1955 not to exceed \$500,000 for con-*
17 *tributions to the United Nations Refugee Emergency Fund.*

18 *SEC. 406. CHILDREN'S WELFARE.—There is hereby*
19 *authorized to be appropriated not to exceed \$13,500,000*
20 *for contributions during the fiscal year 1955 to the United*
21 *Nations Children's Fund.*

22 *SEC. 407. PALESTINE REFUGEES IN THE NEAR EAST.—*
23 *There is hereby authorized to be appropriated to the Presi-*
24 *dent for the fiscal year 1955, not to exceed \$30,000,000,*

1 to be used to make contributions to the United Nations
2 Relief and Works Agency for Palestine Refugees in the
3 Near East. In addition, the unexpended balance of the
4 appropriation made for the Palestine refugee program in
5 the Mutual Security Appropriation Act, 1954, is hereby
6 authorized to be continued available for the purpose of this
7 section through June 30, 1955. Whenever the President
8 shall determine that it would more effectively contribute to
9 the relief, rehabilitation, and resettlement of Palestine refugees
10 in the Near East, he may expend any part of the funds made
11 available pursuant to this section through any other agency
12 he may designate.

13 SEC. 408. NORTH ATLANTIC TREATY ORGANIZA-
14 TION.—(a) In order to provide for United States partici-
15 pation in the North Atlantic Treaty Organization, there
16 is hereby authorized to be appropriated for the fiscal year
17 1955 not to exceed \$3,200,000 for payment by the United
18 States of its share of the expenses of the Organization, and
19 thereafter such amounts as may be necessary from time to
20 time for the payment by the United States of its share of the
21 expenses of the Organization and all necessary salaries and
22 expenses of the United States permanent representative to
23 the Organization, of such persons as may be appointed to
24 represent the United States in the subsidiary bodies of the
25 Organization or in any multilateral organization which

1 participates in achieving the aims of the North Atlantic
2 Treaty, and of their appropriate staffs, and the expenses of
3 participation in meetings of such organizations, including
4 salaries, expenses, and allowances of personnel and depend-
5 ents as authorized by the Foreign Service Act of 1946, as
6 amended (22 U. S. C. 801), and allowances and expenses
7 as provided in section 6 of the Act of July 30, 1946 (22
8 U. S. C. 287r).

9 (b) The United States permanent representative to the
10 North Atlantic Treaty Organization shall be appointed by the
11 President by and with the advice and consent of the Senate
12 and shall hold office at the pleasure of the President. Such
13 representative shall have the rank and status of ambassador
14 extraordinary and plenipotentiary and shall be a chief of
15 mission, class 1, within the meaning of the Foreign Service
16 Act of 1946, as amended (22 U. S. C. 801).

17 (c) Persons detailed to the international staff of the
18 North Atlantic Treaty Organization in accordance with sec-
19 tion 530 of this Act who are appointed as Foreign Service
20 Reserve officers may serve for periods of more than four
21 years notwithstanding the limitation in section 522 of the
22 Foreign Service Act of 1946, as amended (22 U. S. C. 922).

23 SEC. 409. OCEAN FREIGHT CHARGES.—(a) In order
24 to further the efficient use of United States voluntary con-
25 tributions for relief and rehabilitation in nations and areas

1 eligible for assistance under this Act, the President may pay
2 ocean freight charges from United States ports to designated
3 ports of entry of such nations and areas on shipments by
4 United States voluntary nonprofit relief agencies registered
5 with and approved by the Advisory Committee on Voluntary
6 Foreign Aid and shipments by the American Red Cross.

7 (b) Where practicable the President shall make ar-
8 rangements with the receiving nation for free entry of such
9 shipments and for the making available by that nation of local
10 currencies for the purpose of defraying the transportation cost
11 of such shipments from the port of entry of the receiving
12 nation to the designated shipping point of the consignee.

13 (c) There is hereby authorized to be appropriated to the
14 President for the fiscal year 1955 not to exceed \$4,400,-
15 000 to carry out the purposes of this section; and, in addition,
16 unexpended balances of appropriations heretofore made pur-
17 suant to section 535 of the Mutual Security Act of 1951, as
18 amended, are authorized to be continued available for the
19 purposes of this section through June 30, 1955, and to be
20 consolidated with the appropriation authorized in this section.

21 (d) In addition, any funds made available under this
22 Act may be used, in amounts determined by the Presi-
23 dent, to pay ocean freight charges on shipments of surplus
24 agricultural commodities, including commodities made avail-

1 able pursuant to any Act for the disposal abroad of United
2 States agricultural surpluses.

3 *SEC. 410. CONTROL ACT EXPENSES.*—There is hereby
4 authorized to be appropriated to the President for the
5 fiscal year 1955 not to exceed \$1,300,000 for carrying out
6 the objectives of the Mutual Defense Assistance Control
7 Act of 1951 (22 U. S. C. 1611). In addition, in accordance
8 with section 303 of that Act, funds made available for
9 carrying out chapter 1 of title I of this Act shall be avail-
10 able for carrying out the purpose of this section in such
11 amounts as the President may direct.

12 *SEC. 411. ADMINISTRATIVE EXPENSES.*—(a) When-
13 ever possible, the expenses of administration of this Act shall
14 be paid for in the currency of the nation where the expense is
15 incurred.

16 (b) There is hereby authorized to be appropriated to
17 the President for the fiscal year 1955 not to exceed \$34,-
18 700,000 for all necessary administrative expenses incident
19 to carrying out the provisions of this Act other than chapter
20 1 of title I, including expenses for compensation, allowances
21 and travel of personnel, including Foreign Service personnel
22 whose services are utilized primarily for the purposes of this
23 Act, and, without regard to the provisions of any other law,
24 for printing and binding, and for expenditures outside the

1 *continental limits of the United States for the procurement of*
2 *supplies and services and for other administrative purposes*
3 *(other than compensation of personnel) without regard to*
4 *such laws and regulations governing the obligation and ex-*
5 *penditure of Government funds as may be necessary to ac-*
6 *complish the purposes of this Act.*

7 *SEC. 412. STRATEGIC MATERIALS.—In order to reduce*
8 *the drain on United States resources and to assure the pro-*
9 *duction of adequate supplies of essential raw materials for the*
10 *collective defense of the free world, the President is author-*
11 *ized to initiate projects for, and assist in procuring and stim-*
12 *ulating increased production of, materials in which deficien-*
13 *cies or potential deficiencies in supply exist in the United*
14 *States or among nations receiving United States assistance.*
15 *The unexpended balance of funds made available pursuant*
16 *to section 514 of the Mutual Security Act of 1951, as*
17 *amended, is hereby authorized to be continued available for*
18 *the purpose of this section through June 30, 1955.*

19 *SEC. 413. CHINESE AND KOREAN STUDENTS.—Funds*
20 *heretofore allocated to the Secretary of State pursuant to*
21 *the last proviso of section 202 of the China Area Aid Act*
22 *of 1950 (22 U. S. C. 1547) shall continue to be available*
23 *until expended, under such regulations as the Secretary of*
24 *State may prescribe, using private agencies to the maximum*
25 *extent practicable, for necessary expenses of tuition, subsist-*

1 ence, transportation, and emergency medical care for selected
2 citizens of China and of Korea for studying or teaching in
3 accredited colleges, universities, or other educational insti-
4 tutions in the United States approved by the Secretary of
5 State for the purpose, or for research and related academic
6 and technical activities in the United States, and such
7 selected citizens of China who have been admitted for the
8 purpose of study in the United States shall be granted per-
9 mission to accept employment upon application filed with
10 the Commissioner of Immigration and Naturalization pur-
11 suant to regulations promulgated by the Attorney General.

12 SEC. 414. ENCOURAGEMENT OF FREE ENTERPRISE
13 AND PRIVATE PARTICIPATION.—(a) The Congress recog-
14 nizes the vital role of free enterprise in achieving rising levels
15 of production and standards of living essential to the economic
16 progress and defensive strength of the free world. Accord-
17 ingly, it is declared to be the policy of the United States to
18 encourage the efforts of other free nations to increase the flow
19 of international trade, to foster private initiative and com-
20 petition, to discourage monopolistic practices, to improve the
21 technical efficiency of their industry, agriculture and com-
22 merce, and to strengthen free labor unions; and to en-
23 courage the contribution of United States enterprise toward
24 the economic strength of other free nations, through private
25 trade and investment abroad, private participation in the

1 *programs carried out under this Act (including the use of*
2 *private trade channels to the maximum extent practicable*
3 *in carrying out such programs), and exchange of ideas and*
4 *technical information on the matters covered by this section.*

5 *(b) In order to encourage and facilitate participation*
6 *by private enterprise to the maximum extent practicable in*
7 *achieving any of the purposes of this Act, the President—*

8 *(1) shall make arrangements to find and draw the*
9 *attention of private enterprise to opportunities for in-*
10 *vestment and development in other free nations;*

11 *(2) shall accelerate a program of negotiating*
12 *treaties for commerce and trade, including tax treaties,*
13 *which shall include provisions to encourage and facilitate*
14 *the flow of private investment to nations participating*
15 *in programs under this Act;*

16 *(3) shall insist upon full compliance by other coun-*
17 *tries or a dependent area of any country with all treaties*
18 *for commerce and trade and taxes and shall consider*
19 *such treaties to be in full force and effect until they are*
20 *superseded by other treaties or expire in accordance*
21 *with their own terms or are specifically modified or*
22 *voided by a verdict of the International Court of Justice;*
23 *and, when any such treaty has been declared valid by*
24 *such Court, shall take all reasonable measures under this*
25 *Act or other authority to assure compliance therewith*

1 *and to obtain just compensation for United States citizens*
2 *for losses sustained by or payments exacted from them as*
3 *a result of measures taken or imposed by any country*
4 *or dependent area thereof and found by such Court to*
5 *violate any such treaty; and*

6 *(4) may make, until June 30, 1957, under rules*
7 *and regulations prescribed by him, guaranties to any*
8 *person of investments in connection with projects, in-*
9 *cluding expansion, modernization, or development of*
10 *existing enterprises, in any nation with which the United*
11 *States has agreed to institute the guaranty program:*
12 *Provided, That—*

13 *(A) such projects shall be approved by the*
14 *President as furthering any of the purposes of this*
15 *Act, and by the nation concerned;*

16 *(B) the guaranty to any person shall be limited*
17 *to assuring any or all of the following:*

18 *(i) the transfer into United States dollars*
19 *of other currencies, or credits in such currencies,*
20 *received by such person as earnings or profits*
21 *from the approved project, as repayment or*
22 *return of the investment therein, in whole or in*
23 *part, or as compensation for the sale or dis-*
24 *position of all or any part thereof;*

25 *(ii) the compensation in United States*

1 *dollars for loss of all or any part of the invest-*
2 *ment in the approved project which shall be*
3 *found by the President to have been lost to such*
4 *person by reason of expropriation or confisca-*
5 *tion by action of the government of a foreign*
6 *nation with respect to which the United States*
7 *has agreed to institute the guaranty program;*

8 *(C) when any payment is made to any person*
9 *pursuant to a guaranty as hereinbefore described,*
10 *the currency, credits, assets, or investment on ac-*
11 *count of which such payment is made shall become*
12 *the property of the United States Government, and*
13 *the United States Government shall be subrogated*
14 *to any right, title, claim or cause of action existing*
15 *in connection therewith;*

16 *(D) the guaranty to any person shall not ex-*
17 *ceed the amount of dollars invested in the project*
18 *by such person with the approval of the President*
19 *plus actual earnings or profits on said project to*
20 *the extent provided by such guaranty, and shall be*
21 *limited to a term not exceeding twenty years from*
22 *the date of issuance;*

23 *(E) a fee shall be charged in an amount not*
24 *exceeding 1 per centum per annum of the amount*

1 of each guaranty under clause (i) of subparagraph
2 (B), and not exceeding 4 per centum per annum of
3 the amount of each guaranty under clause (ii) of
4 such subparagraph, and all fees collected hereunder
5 shall be available for expenditure in discharge of
6 liabilities under guaranties made under this section
7 until such time as all such liabilities have been dis-
8 charged or have expired, or until all such fees have
9 been expended in accordance with the provisions of
10 this section;

11 (F) the President is authorized to issue guar-
12 anties up to a total of \$200,000,000: Provided,
13 That any funds allocated to a guaranty and remain-
14 ing after all liability of the United States assumed
15 in connection therewith has been released, dis-
16 charged, or otherwise terminated, shall be available
17 for allocation to other guaranties, the foregoing limi-
18 tation notwithstanding. Any payments made to
19 discharge liabilities under guaranties issued under
20 this subsection shall be paid out of fees collected
21 under subparagraph (E) as long as such fees are
22 available, and thereafter shall be paid out of funds
23 realized from the sale of notes which have been
24 issued under authority of paragraph 111 (c) (2)

1 *of the Economic Cooperation Act of 1948, as*
2 *amended, when necessary to discharge liabilities*
3 *under any such guaranty;*

4 *(G) the guaranty program authorized by this*
5 *paragraph shall be used to the maximum prac-*
6 *ticable extent and shall be administered under broad*
7 *criteria so as to facilitate and increase the participa-*
8 *tion of private enterprise in achieving any of the*
9 *purposes of this Act;*

10 *(H) as used in this paragraph—*

11 *(i) the term “person” means a citizen of*
12 *the United States or any corporation, partner-*
13 *ship, or other association created under the law*
14 *of the United States or of any State or Terri-*
15 *tory and substantially beneficially owned by*
16 *citizens of the United States, and*

17 *(ii) the term “investment” includes any*
18 *contribution of capital goods, materials, equip-*
19 *ment, services, patents, processes, or tech-*
20 *niques by any person in the form of (1) a*
21 *loan or loans to an approved project, (2) the*
22 *purchase of a share of ownership in any such*
23 *project, (3) participation in royalties, earn-*
24 *ings, or profits of any such project, and (4)*
25 *the furnishing of capital goods items and*

1 *related services pursuant to a contract pro-*
2 *viding for payment in whole or in part after*
3 *the end of the fiscal year in which the guaranty*
4 *of such investment is made.*

5 *SEC. 415. MUNITIONS CONTROL.—(a) The President*
6 *is authorized to control, in furtherance of world peace and*
7 *the security and foreign policy of the United States, the*
8 *export and import of arms, ammunition, and implements*
9 *of war, including technical data relating thereto, other than*
10 *by a United States Government agency. The President is*
11 *authorized to designate those articles which shall be con-*
12 *sidered as arms, ammunition, and implements of war, in-*
13 *cluding technical data relating thereto, for the purposes of*
14 *this section.*

15 *(b) As prescribed in regulations issued under this sec-*
16 *tion, every person who engages in the business of manufac-*
17 *turing, exporting, or importing any arms, ammunition, or*
18 *implements of war, including technical data relating thereto,*
19 *designated by the President under subsection (a) shall*
20 *register with the United States Government agency charged*
21 *with the administration of this section and, in addition,*
22 *shall pay a registration fee which shall be prescribed by*
23 *such regulations.*

24 *(c) Any person who willfully violates any provision*
25 *of this section or any rule or regulation issued under this*

1 section, or who willfully, in a registration or license appli-
2 cation, makes any untrue statement of a material fact or
3 omits to state a material fact required to be stated therein
4 or necessary to make the statements therein not misleading,
5 shall upon conviction be fined not more than \$25,000 or
6 imprisoned not more than two years, or both.

7 *SEC. 416. ASSISTANCE TO INTERNATIONAL ORGANI-*
8 *ZATION.—Whenever it will assist in achieving purposes de-*
9 *clared in this Act, the President is authorized to use funds*
10 *available under section 131, 201, and 403 in order to furnish*
11 *assistance, including by transfer of funds, directly to—*

12 *(a) the North Atlantic Treaty Organization, for a*
13 *strategic stockpile of foodstuffs and other supplies, or for*
14 *other purposes;*

15 *(b) the European Coal and Steel Community;*

16 *(c) the Organization for European Economic*
17 *Cooperation; and*

18 *(d) any central institution or other organization*
19 *formed to further purposes declared in this Act, or to*
20 *any member thereof in connection with the operation*
21 *of such institution or organization, to be used to facili-*
22 *tate trade and payments or to stimulate private initiative*
23 *and investment in economic development.*

24 *SEC. 417. FACILITATION AND ENCOURAGEMENT*
25 *OF TRAVEL.—The President, through such officer or commis-*

1 sion as he may designate, shall facilitate and encourage,
2 without cost to the United States except for administrative
3 expenses, the promotion and development of travel by
4 citizens of the United States to and within countries receiving
5 assistance under this Act and travel by citizens of such
6 countries to the United States.

7 TITLE V—MISCELLANEOUS PROVISIONS

8 CHAPTER 1. GENERAL PROVISIONS

9 SEC. 501. TRANSFERABILITY OF FUNDS.—(a) When-
10 ever the President determines it to be necessary for the pur-
11 poses of this Act, not to exceed 10 per centum of the funds
12 available under any of the first three chapters of title I, or
13 under title II, title III, or title IV, may be transferred for
14 the purpose of furnishing assistance of any of the kinds
15 authorized under any other such chapter or title and may
16 be consolidated with any appropriation available under the
17 chapter or title to which such funds are transferred: Pro-
18 vided, That after transfer, such funds shall be available for
19 the same period of time as funds appropriated under the
20 section to which transferred.

21 (b) Whenever the President determines it to be necessary
22 for the purposes of this Act, not to exceed 10 per centum of
23 the funds available under any section of chapters 2 and
24 3 of title I, or any section of title II, title III, or title IV,
25 may be transferred from such section to any other section of

1 *the same chapter or title or from any geographic subdivision*
2 *to any other geographic subdivision of the same section, and*
3 *may be consolidated with any appropriation available under*
4 *the section or for the geographic subdivision to which such*
5 *funds are transferred.*

6 *SEC. 502. USE OF FOREIGN CURRENCY.—(a) Not-*
7 *withstanding section 1415 of the Supplemental Appropriation*
8 *Act, 1953, or any other provision of law, proceeds of sales*
9 *made under section 550 of the Mutual Security Act of 1951,*
10 *as amended, shall remain available and shall be used for any*
11 *of the purposes of this Act, giving particular regard to the*
12 *following purposes—*

13 *(1) for providing military assistance to nations or*
14 *mutual defense organizations eligible to receive assist-*
15 *ance under this Act;*

16 *(2) for purchase of goods or services in friendly*
17 *nations;*

18 *(3) for loans, under applicable provisions of this*
19 *Act, to increase production of goods or services, includ-*
20 *ing strategic materials, needed in any nation with*
21 *which an agreement was negotiated, or in other friendly*
22 *nations, with the authority to use currencies received*
23 *in repayment for the purposes stated in this section or*
24 *for deposit to the general account of the Treasury of*
25 *the United States;*

1 (4) for developing new markets on a mutually
2 beneficial basis;

3 (5) for grants-in-aid to increase production for
4 domestic needs in friendly countries; and

5 (6) for purchasing materials for United States
6 stockpiles.

7 (b) Notwithstanding section 1415 of the Supplemental
8 Appropriation Act, 1953, or any other provision of law, local
9 currencies owned by the United States shall be made avail-
10 able to appropriate committees of the Congress engaged in
11 carrying out their duties under section 136 of the Legislative
12 Reorganization Act of 1946, as amended, for their local cur-
13 rency expenses: Provided, That any such committee of the
14 Congress which uses local currency shall make a full report
15 thereof to the Committee on House Administration of the
16 House of Representatives (if the committee using such cur-
17 rency is a committee of the House of Representatives) or
18 to the Committee on Rules and Administration of the Senate
19 (if the committee using such currency is a committee of the
20 Senate), showing the total amount of such currency so used
21 in each country and the purposes for which it was expended.

22 SEC. 503. TERMINATION OF ASSISTANCE.—(a) If the
23 President determines that the furnishing of assistance to any
24 nation under any provision of this Act—

1 (1) is no longer consistent with the national inter-
2 est or security or the foreign policy of the United
3 States; or

4 (2) would no longer contribute effectively to the
5 purposes for which such assistance is furnished; or

6 (3) is no longer consistent with the obligations and
7 responsibilities of the United States under the Charter
8 of the United Nations,

9 he shall terminate all or part of any assistance furnished
10 pursuant to this Act. If the President determines that any
11 nation which is receiving assistance under chapter 1 of
12 title I of this Act is not making its full contribution to
13 its own defense or to the defense of the area of which it
14 is a part, he shall terminate all or part of such assist-
15 ance. Assistance to any nation under any provision of this
16 Act may, unless sooner terminated by the President, be
17 terminated by concurrent resolution. Funds made available
18 under this Act shall remain available for twelve months from
19 the date of termination under this subsection for the necessary
20 expenses of liquidating assistance programs.

21 (b) (1) After June 30, 1955, none of the authority
22 conferred by this Act may be exercised for the purpose of
23 carrying out any function authorized by Title I or Title II;
24 except that during the twelve months following such date (i)
25 funds which have been obligated on or before that date

1 shall remain available for expenditure, (ii) equipment, ma-
2 terials, commodities, and services with respect to which funds
3 have been obligated on or before such date for procurement
4 for, shipment to, or delivery in a recipient country may be
5 transferred to such country, and (iii) funds appropriated
6 under authority of this Act may be obligated (A) for the
7 necessary expenses of procurement, shipment, delivery, and
8 other activities essential to such transfer and (B) for the
9 necessary expenses of liquidating operations incident to such
10 functions: Provided, That with respect to functions author-
11 ized by chapter 1 of title I and section 122 of this Act, the
12 period during which expenditures, transfers, and obligations
13 may be made under clauses (i), (ii), and (iii) above, shall
14 be twenty-four months.

15 (2) At such time as the President shall find appropriate
16 during the liquidation period provided for in paragraph (1)
17 of this section, the powers, duties, and authority conferred by
18 this Act with respect to such function may be transferred for
19 the purpose of liquidation to such other United States Govern-
20 ment agencies as the President shall specify, and the relevant
21 funds, records, property, and personnel may be transferred
22 to the agencies to which the related functions are transferred.

23 SEC. 504. SMALL BUSINESS.—(a) Insofar as practica-
24 ble and to the maximum extent consistent with the accom-
25 plishment of the purposes of this Act, the President shall as-

1 *sist American small business to participate equitably in the*
2 *furnishing of commodities and services financed with funds*
3 *authorized under titles II, III, and IV, and chapters 2 and*
4 *3 of title I, of this Act—*

5 *(1) by causing to be made available to suppliers in*
6 *the United States and particularly to small independent*
7 *enterprises, information, as far in advance as possible,*
8 *with respect to purchases proposed to be financed with*
9 *such funds,*

10 *(2) by causing to be made available to prospective*
11 *purchasers in the nations receiving assistance under this*
12 *Act information as to commodities and services produced*
13 *by small independent enterprises in the United States,*
14 *and*

15 *(3) by providing for additional services to give*
16 *small business better opportunities to participate in the*
17 *furnishing of commodities and services financed with*
18 *such funds.*

19 *(b) There shall be an Office of Small Business, headed*
20 *by a Special Assistant for Small Business, in such United*
21 *States Government agency as the President may direct, to*
22 *assist in carrying out the provisions of subsection (a) of this*
23 *section.*

24 *(c) The Secretary of Defense shall assure that there is*
25 *made available to suppliers in the United States, and particu-*

1 larly to small independent enterprises, information
2 with respect to purchases made by the Department of De-
3 fense pursuant to chapter 1 of title I, such information to
4 be furnished as far in advance as possible.

5 SEC. 505. LOAN ASSISTANCE.—(a) Assistance under
6 this Act may be furnished on a grant basis or on such terms,
7 including cash, credit, or other terms of repayment (includ-
8 ing repayment in foreign currencies or by transfer to the
9 United States of materials required for stockpiling or other
10 purposes) as may be determined to be best suited to the
11 achievement of the purposes of this Act.

12 (b) Of the funds made available pursuant to this Act
13 (other than funds made available pursuant to chapter 1 of
14 title I) and foreign currencies accruing to the United States
15 under section 402, the equivalent of not less than \$150,000,-
16 000 shall be available only for the furnishing of assistance on
17 terms of repayment. Funds for the purpose of furnishing
18 assistance on terms of repayment shall be allocated to the
19 Export-Import Bank of Washington, which shall, notwith-
20 standing the provisions of the Export-Import Bank Act of
21 1945 (59 Stat. 526), as amended, make and administer
22 the credit on such terms. Credits made by the Export-
23 Import Bank of Washington with funds so allocated to
24 it shall not be considered in determining whether the
25 Bank has outstanding at any one time loans and guar-

1 anties to the extent of the limitation imposed by sec-
 2 tion 7 of the Export-Import Bank Act of 1945 (59
 3 Stat. 529), as amended. Amounts received in repay-
 4 ment of principal and interest on any loan made under this
 5 section shall be held by the Treasury to be used for such
 6 purposes, including further loans, as may be authorized from
 7 time to time by Congress. Amounts received in repayment
 8 of principal and interest on any credits made under para-
 9 graph 111 (c) (2) of the Economic Cooperation Act of
 10 1948, as amended, shall be deposited into miscellaneous re-
 11 ceipts of the Treasury, except that, to the extent required for
 12 such purpose, amounts received in repayment of principal and
 13 interest on any credits made out of funds realized from the
 14 sale of notes heretofore authorized to be issued for the purpose
 15 of financing assistance on a credit basis under paragraph
 16 111 (c) (2) of the Economic Cooperation Act of 1948, as
 17 amended, shall be deposited into the Treasury for the pur-
 18 pose of the retirement of such notes.

19 *SEC. 506. PATENTS AND TECHNICAL INFORMATION.—*

20 (a) *As used in this section—*

21 (1) the term “invention” means an invention or
 22 discovery covered by a patent issued by the United
 23 States; and

24 (2) the term “information” means information
 25 originated by or peculiarly within the knowledge of the

owner thereof and those in privity with him, which is not available to the public and is subject to protection as property under recognized legal principles.

(b) Whenever, in connection with the furnishing of any assistance in furtherance of the purposes of this Act—

(1) use within the United States, without authorization by the owner, shall be made of an invention; or

(2) damage to the owner shall result from the disclosure of information by reason of acts of the United States or its officers or employees,

the exclusive remedy of the owner of such invention or information shall be by suit against the United States in the Court of Claims or in the District Court of the United States for the district in which such owner is a resident for reasonable and entire compensation for unauthorized use or disclosure. In any such suit the United States may avail itself of any and all defenses, general or special, that might be pleaded by any defendant in a like action.

(c) Before such suit against the United States has been instituted, the head of the appropriate United States Government agency, which has furnished any assistance in furtherance of the purposes of this Act, is authorized and empowered to enter into an agreement with the claimant, in full settlement and compromise of any claim against the United States hereunder.

1 (d) *The provisions of the last sentence of section 1498*
2 *of title 28 of the United States Code shall apply to inven-*
3 *tions and information covered by this section.*

4 (e) *Except as otherwise provided by law, no recovery*
5 *shall be had for any infringement of a patent committed*
6 *more than six years prior to the filing of the complaint or*
7 *counterclaim for infringement in the action, except that the*
8 *period between the date of receipt by the Government of a*
9 *written claim under subsection (c) above for compensa-*
10 *tion for infringement of a patent and the date of mailing*
11 *by the Government of a notice to the claimant that his*
12 *claim has been denied shall not be counted as part of the*
13 *six years, unless suit is brought before the last-mentioned*
14 *date.*

15 *SEC. 507. AVAILABILITY OF FUNDS.—Except as other-*
16 *wise provided in sections 104 (pertaining to infrastructure),*
17 *105 (pertaining to development of weapons), 405 (pertaining*
18 *to movement of migrants), 408 (a) (pertaining to North*
19 *Atlantic Treaty Organization), and 413 (pertaining to*
20 *Chinese and Korean students), funds shall be available to*
21 *carry out the provisions of this Act (other than sections 415*
22 *and 417) as authorized and appropriated to the President*
23 *each fiscal year.*

24 *SEC. 508. LIMITATION ON FUNDS FOR PROPAGANDA.—*
25 *None of the funds herein authorized to be appropriated nor*

1 any counterpart funds shall be used to pay for personal
2 services or printing, or for other expenses of the dissemina-
3 tion within the United States of general propaganda in sup-
4 port of the mutual security program, or to pay the travel or
5 other expenses outside the United States of any citizen or
6 group of citizens of the United States for the purpose of
7 publicizing such program within the United States.

8 SEC. 509. SHIPPING ON UNITED STATES VESSELS.—

9 Such steps as may be necessary shall be taken to assure,
10 as far as practicable, that at least 50 per centum of the
11 gross tonnage of commodities, materials and equipment
12 procured out of funds made available under sections 103,
13 105, 123, 131, 132 (a), 201, 304, and 403 of this Act
14 and transported to or from the United States on ocean
15 vessels, computed separately for dry bulk carriers, dry cargo
16 liner and tanker services and computed separately for sec-
17 tions 103 and 105 (taken together) and for sections 123,
18 131, 132 (a), 201, 304, and 403 (taken together) is so
19 transported on United States flag commercial vessels to
20 the extent such vessels are available at market rate for
21 United States flag commercial vessels; and, in the admin-
22 istration of this provision, steps shall be taken, insofar as
23 practicable and consistent with the purposes of this Act, to
24 secure a fair and reasonable participation by United States
25 flag commercial vessels in cargoes by geographic area.

1 *SEC. 510 PURCHASE OF COMMODITIES.—No funds*
2 *made available until title II or chapter 3 of title I of this*
3 *Act shall be used for the purchase in bulk of any commodi-*
4 *ties at prices higher than the market price prevailing in the*
5 *United States at the time of the purchase adjusted for differ-*
6 *ences in the cost of transportation to destination, quality,*
7 *and terms of payment. A bulk purchase within the mean-*
8 *ing of this section does not include the purchase of raw*
9 *cotton in bales. Funds made available under title II or*
10 *chapter 3 of title I of this Act may be used for the pro-*
11 *curement of commodities outside the United States unless*
12 *the President determines that such procurement will result*
13 *in adverse effects upon the economy of the United States,*
14 *with special reference to any areas of labor surplus, or upon*
15 *the industrial mobilization base, which outweigh the eco-*
16 *nomie advantages to the United States of less costly procure-*
17 *ment abroad. In providing for the procurement of any*
18 *surplus agricultural commodity for transfer by grant under*
19 *this Act to any recipient nation in accordance with the*
20 *requirements of such nation, the President shall, insofar as*
21 *practicable and where in furtherance of the purposes of this*
22 *Act, authorize the procurement of such surplus agricultural*
23 *commodity only within the United States except to the ex-*
24 *tent that any such surplus agricultural commodity is not*
25 *available in the United States in sufficient quantities to sup-*

1 *ply the requirements of the nations receiving assistance under*
2 *this Act.*

3 *SEC. 511. RETENTION AND RETURN OF EQUIP-*
4 *MENT.—(a) No equipment or materials may be transferred*
5 *under title I out of military stocks if the Secretary of De-*
6 *fense, after consultation with the Joint Chiefs of Staff, de-*
7 *termines that such transfer would be detrimental to the*
8 *national security of the United States, or that such equip-*
9 *ment or materials are needed by the reserve components of*
10 *the Armed Forces to meet their training requirements.*

11 *(b) Any equipment, materials, or commodities pro-*
12 *cured to carry out this Act shall be retained by, or, upon re-*
13 *imbursement, transferred to and for the use of, such United*
14 *States Government agency as the President may determine*
15 *in lieu of being disposed of to a foreign nation or interna-*
16 *tional organization whenever in the judgment of the Presi-*
17 *dent the best interests of the United States will be served*
18 *thereby, or whenever such retention is called for by concur-*
19 *rent resolution. Any commodities so retained may be dis-*
20 *posed of without regard to provisions of law relating to the*
21 *disposal of Government-owned property, when necessary to*
22 *prevent spoilage or wastage of such commodities or to con-*
23 *serve the usefulness thereof. Funds realized from any such*
24 *disposal or transfer shall revert to the respective appropria-*
25 *tion or appropriations out of which funds were expended for*

1 the procurement of such equipment, materials, or commodities
2 or to appropriations currently available for such procure-
3 ment.

4 (c) The President shall make appropriate arrangements
5 with each nation receiving equipment or materials under
6 chapter 1 of title I (other than equipment or materials
7 sold under the provisions of section 107) for the return to
8 the United States (1) for salvage or scrap, or (2) for
9 such other disposition as the President shall deem to be in
10 the interest of mutual security, of any such equipment or
11 materials which are no longer required for the purposes for
12 which originally made available.

13 SEC. 512. PENAL PROVISION.—Whoever offers or
14 gives to anyone who is or in the preceding two years has
15 been an employee or officer of the United States any com-
16 mission, payment, or gift, in connection with the procurement
17 of equipment, materials, commodities, or services under this
18 Act in connection with which procurement said officer, em-
19 ployee, former officer or former employee is or was employed
20 or performed duty or took any action during such employ-
21 ment, and whoever, being or having been an employee or
22 officer of the United States in the preceding two years, so-
23 licits, accepts, or offers to accept any commission, payment,
24 or gift in connection with the procurement of equipment,
25 materials, commodities, or services under this Act in con-

1 nection with which procurement said officer, employee, for-
2 mer officer or former employee is or was employed or per-
3 formed duty or took any action during such employment,
4 shall upon conviction thereof be subject to a fine of not to
5 exceed \$10,000 or imprisonment for not to exceed three
6 years, or both.

7 *SEC. 513. NOTICE TO LEGISLATIVE COMMITTEES.—*
8 *When any transfer is made under section 106 (d) or section*
9 *501, the President or such officer as he may designate shall*
10 *promptly notify the Committee on Foreign Relations of the*
11 *Senate, the Committee on Foreign Affairs of the House of*
12 *Representatives and, when military assistance is involved,*
13 *the Committees on Armed Services of the Senate and House*
14 *of Representatives, stating the justification for such transfer.*
15 *Notice shall also be given to the Committee on Foreign*
16 *Relations of the Senate and the Committee on Foreign Af-*
17 *fairs of the House of Representatives of any determination*
18 *under the first sentence of section 401 (except with respect to*
19 *unvouchered funds), and copies of any certification as to*
20 *loyalty under section 532 shall be filed with such committees.*
21 *In addition, the President or such officer or officers as he may*
22 *designate shall keep the appropriate committees of Congress*
23 *currently informed of any substantial changes in programs*
24 *under this Act, other than changes resulting directly from*
25 *congressional changes in authorizing or appropriating legis-*

1 lation proposed by the executive branch, and of the reasons
2 for such changes.

3 *SEC. 514. INTERNATIONAL EDUCATIONAL EXCHANGE*
4 *ACTIVITIES.*—Foreign currencies or credits owed to or
5 owned by the United States, where arising from this Act or
6 otherwise, shall, upon a request from the Secretary of State
7 certifying that such funds are required for the purpose of
8 international educational exchange activities under programs
9 authorized by section 32 (b) (2) of the Surplus Property
10 Act of 1944, as amended, be reserved by the Secretary of
11 the Treasury for sale to the Department of State for such
12 activities on the basis of the dollar value at the time of the
13 reservation.

14 *CHAPTER 2. ORGANIZATION AND ADMINISTRATION*

15 *SEC. 521. DELEGATION OF AUTHORITY BY THE PRES-*
16 *IDENT.*—(a) Except as provided in subsection (b), the
17 President may exercise any power or authority conferred
18 on him by this Act through such agency or officer of the
19 United States as he shall direct, and the head of such agency
20 or such officer may from time to time promulgate such rules
21 and regulations as may be necessary and proper to carry
22 out functions under this Act and may delegate authority to
23 perform any of such functions to his subordinates acting
24 under his direction.

25 (b) After June 30, 1955, the President shall exercise

1 the powers conferred upon him under title III of this Act
2 through the Secretary of State.

3 *SEC. 522. ALLOCATION AND REIMBURSEMENT AMONG*
4 *AGENCIES.—(a) The President may allocate or transfer to*
5 *any United States Government agency any part of any*
6 *funds available for carrying out the purposes of this*
7 *Act, including any advance to the United States by any*
8 *nation or international organization for the procurement*
9 *of equipment or materials or services. Such funds shall*
10 *be available for obligation and expenditure for the pur-*
11 *poses for which authorized, in accordance with authority*
12 *granted in this Act or under authority governing the*
13 *activities of the Government agencies to which such funds*
14 *are allocated or transferred. Funds allocated to the Depart-*
15 *ment of Defense shall be governed as to reimbursement by*
16 *the procedures of subsection (c) of this section.*

17 *(b) Any officer of the United States performing func-*
18 *tions under this Act may utilize the services and facilities*
19 *of, or procure commodities from, any United States Gov-*
20 *ernment agency as the President shall direct, or with the*
21 *consent of the head of such agency, and funds allocated*
22 *pursuant to this subsection to any such agency may be*
23 *established in separate appropriation accounts on the books*
24 *of the Treasury.*

25 *(c) Reimbursement shall be made to any United States*

1 Government agency, from funds available to carry out
2 chapter 1 of title I of this Act, for any assistance fur-
3 nished under that chapter from, by, or through such
4 agency. Such reimbursement shall be in an amount equal
5 to the value (as defined in section 545) of the equipment
6 and materials, services (other than salaries of members
7 of the Armed Forces of the United States), or other assist-
8 ance furnished, plus expenses arising from or incident to
9 operations under that chapter. The amount of any such
10 reimbursement shall be credited as reimbursable receipts
11 to current applicable appropriations, funds, or accounts of
12 such agency and shall be available for, and under the
13 authority applicable to, the purposes for which such appro-
14 priations, funds, or accounts are authorized to be used,
15 including the procurement of equipment and materials
16 or services, required by such agency, in the same general
17 category as those furnished by it or authorized to be procured
18 by it and expenses arising from and incident to such pro-
19 curement.

20 (d) In the case of any commodity, service, or facility
21 procured from any United States Government agency under
22 any provision of this Act other than chapter 1 of title I,
23 reimbursement or payment shall be made to such agency
24 from funds available to carry out such provision. Such
25 reimbursement or payment shall be at replacement cost, or,

1 if required by law, at actual cost, or at any other price
2 authorized by law and agreed to by the owning or disposal
3 agency. The amount of any such reimbursement or pay-
4 ment shall be credited to current applicable appropriations,
5 funds, or accounts from which there may be procured
6 replacements of similar commodities, services, or facilities,
7 except that where such appropriations, funds, or accounts
8 are not reimbursable except by reason of this subsection,
9 and when the owning agency determines that such replace-
10 ment is not necessary, any funds received in payment
11 therefor shall be covered into the Treasury as miscellaneous
12 receipts.

13 (e) In furnishing assistance under this Act and in
14 making surplus agricultural commodities available under
15 section 402 accounts may be established on the books of any
16 United States Government agency or, on terms and conditions
17 approved by the Secretary of the Treasury, in banking institu-
18 tions in the United States, against which (i) letters of commit-
19 ment may be issued which shall constitute obligations
20 of the United States, and moneys due or to become due
21 under such letters of commitment shall be assignable under
22 the Assignment of Claims Act of 1940, as amended, and
23 (ii) withdrawals may be made by recipient nations or
24 agencies, organizations or persons upon presentation of

1 *contracts, invoices, or other appropriate documentation.*
2 *Expenditure of funds which have been made available through*
3 *accounts so established shall be accounted for on standard*
4 *documentation required for expenditure of Government funds:*
5 *Provided, That such expenditures for commodities or services*
6 *procured outside the continental limits of the United States*
7 *may be accounted for exclusively on such certification as may*
8 *be prescribed in regulations approved by the Comptroller*
9 *General of the United States.*

10 *SEC. 523. COORDINATION WITH FOREIGN POLICY.—*

11 *(a) Nothing contained in this Act shall be construed to*
12 *infringe upon the powers or functions of the Secretary of*
13 *State.*

14 *(b) The President shall prescribe appropriate proce-*
15 *dures to assure coordination among representatives of the*
16 *United States Government in each country, under the leader-*
17 *ship of the Chief of the United States Diplomatic Mission.*

18 *SEC. 524. THE SECRETARY OF DEFENSE.—(a) In the*
19 *case of aid under chapter 1 of title I of this Act, the Secre-*
20 *tary of Defense shall have primary responsibility for—*

21 *(1) the determination of military end-item require-*
22 *ments;*

23 *(2) the procurement of military equipment in a*
24 *manner which permits its integration with service*
25 *programs;*

1 (3) the supervision of end-item use by the recipi-
2 ent countries;

3 (4) the supervision of the training of foreign mili-
4 tary personnel;

5 (5) the movement and delivery of military end-
6 items; and

7 (6) within the Department of Defense, the per-
8 formance of any other functions with respect to the
9 furnishing of military assistance.

10 (b) The establishment of priorities in the procurement,
11 delivery, and allocation of military equipment shall be de-
12 termined by the Secretary of Defense. The determination
13 of the value of the program for any country under chap-
14 ter 1 of title I shall be made by the President.

15 SEC. 525. FOREIGN OPERATIONS ADMINISTRATION.—

16 Except as modified pursuant to this section or section 521,
17 the Director of the Foreign Operations Administration (re-
18 ferred to in this chapter as the "Director") shall continue
19 to perform the functions vested in him on the effective date
20 of this Act, except insofar as such functions relate to continu-
21 ous supervision and general direction of programs of military
22 assistance. The President may transfer to any agency or
23 officer of the United States, and may modify or abolish, any
24 function, office, or entity of the Foreign Operations Admin-
25 istration or any officer or employee thereof, and may transfer

1 such personnel, property, records, and funds as may be
2 necessary incident thereto.

3 *SEC. 526. PUBLIC ADVISORY BOARD.*—There shall be
4 a Public Advisory Board (referred to in this section as the
5 “Board”), which shall advise and consult with the Director
6 with respect to general or basic policy matters arising in con-
7 nection with the Director’s discharge of his responsibilities.
8 The Board shall consist of the Director, who shall be Chair-
9 man, and not to exceed twelve additional members, to be ap-
10 pointed by the President by and with the advice and consent
11 of the Senate, who shall be selected from among citizens of the
12 United States of broad and varied experience in matters
13 affecting the public interest, other than officers and employees
14 of the United States (including any United States Govern-
15 ment agency), who, as such, regularly receive compensation
16 for current services. The Board shall meet at the call of the
17 Director or when three or more members of the Board request
18 the Director to call a meeting. Not more than a majority of
19 two of the members shall be appointed to the Board from the
20 same political party. Members of the Board, other than the
21 Director, shall receive, out of funds made available for the
22 purposes of this Act, a per diem allowance of \$50 for each
23 day spent away from their homes or regular places of busi-
24 ness, for the purpose of attendance at meetings of the Board,
25 or at conferences held upon the call of the Director, and in

1 necessary travel, and while so engaged they may be paid actual
2 travel expenses and not to exceed \$10 per diem in lieu of
3 subsistence and other expenses.

4 SEC. 527. MISSIONS AND STAFFS ABROAD.—The
5 President may maintain special missions or staffs abroad in
6 such nations and for such periods of time as may be necessary
7 to carry out this Act. Each such special mission or staff shall
8 be under the direction of a chief. The chief and his deputy
9 shall be appointed by the President and may, notwithstand-
10 ing any other law, be removed by the President at his dis-
11 cretion. The chief shall be entitled to receive (1) in cases
12 approved by the President, the same compensation and
13 allowances as a chief of mission, class 3, or a chief of mission,
14 class 4, within the meaning of the Foreign Service Act of
15 1946 (22 U. S. C. 801), or (2) compensation and allow-
16 ances in accordance with section 528 (c) of this Act, as the
17 President shall determine to be appropriate.

18 SEC. 528. EMPLOYMENT OF PERSONNEL.—(a) Any
19 United States Government agency performing functions
20 under this Act is authorized to employ such personnel as the
21 President deems necessary to carry out the provisions and
22 purposes of this Act.

23 (b) Of the personnel employed in the United States on
24 programs authorized by this Act, not to exceed sixty may be
25 compensated without regard to the provisions of the Classifi-

1 cation Act of 1949, as amended, of whom not to exceed
2 thirty-five may be compensated at rates higher than those
3 provided for grade 15 of the general schedule established
4 by the Classification Act of 1949, as amended, and of these,
5 not to exceed fifteen may be compensated at a rate in excess
6 of the highest rate provided for grades of such general
7 schedule but not in excess of \$15,000 per annum. Such
8 positions shall be in addition to those authorized by law to
9 be filled by Presidential appointment, and in addition to the
10 number authorized by section 505 of the Classification Act
11 of 1949, as amended.

12 (c) For the purpose of performing functions under this
13 Act outside the continental limits of the United States, the
14 Director may—

15 (1) employ or assign persons, or authorize the em-
16 ployment or assignment of officers or employees of other
17 United States Government agencies, who shall receive
18 compensation at any of the rates provided for the For-
19 eign Service Reserve and Staff by the Foreign Service
20 Act of 1946, as amended (22 U. S. C. 801), together
21 with allowances and benefits established thereunder in-
22 cluding, in all cases, post differentials prescribed under
23 section 443 of the Foreign Service Act; and persons so
24 employed or assigned shall be entitled to the same bene-
25 fits as are provided by section 528 of the Foreign Serv-

1 *ice Act for persons appointed to the Foreign Service*
2 *Reserve; and*

3 *(2) utilize such authority, including authority to*
4 *appoint and assign personnel for the duration of opera-*
5 *tions under this Act, contained in the Foreign Service*
6 *Act of 1946, as amended (22 U. S. C. 801), as the*
7 *President deems necessary to carry out functions under*
8 *this Act. Such provisions of the Foreign Service Act as*
9 *the President deems appropriate shall apply to person-*
10 *nel appointed or assigned under this paragraph, includ-*
11 *ing, in all cases, the provisions of sections 443 and 528*
12 *of that Act.*

13 *(d) For the purpose of performing functions under this*
14 *Act outside the continental limits of the United States, the*
15 *Secretary of State may, at the request of the Director,*
16 *appoint for the duration of operations under this Act alien*
17 *clerks and employees in accordance with applicable pro-*
18 *visions of the Foreign Service Act of 1946, as amended*
19 *(22 U. S. C. 801).*

20 *SEC. 529. DETAIL OF PERSONNEL TO FOREIGN GOV-*
21 *ERNMENTS.—(a) Whenever the President determines it to*
22 *be consistent with and in furtherance of the purposes of this*
23 *Act, the head of any United States Government agency is*
24 *authorized to detail or assign any officer or employee of his*
25 *agency to any office or position to which no compensation*

1 is attached with any foreign government or foreign gov-
2 ernment agency: *Provided, That such acceptance of office*
3 *shall in no case involve the taking of an oath of allegiance*
4 *to another government.*

5 (b) *Any such officer or employee, while so assigned*
6 *or detailed, shall be considered, for the purpose of preserving*
7 *his privileges, rights, seniority, or other benefits as such,*
8 *an officer or employee of the Government of the United*
9 *States and of the Government agency from which assigned*
10 *or detailed, and he shall continue to receive compensation,*
11 *allowances, and benefits from funds available to that agency*
12 *or made available to that agency out of funds authorized*
13 *under this Act.*

14 SEC. 530. DETAIL OF PERSONNEL TO INTERNATIONAL
15 ORGANIZATIONS.—(a) *Whenever the President determines*
16 *it to be consistent with and in furtherance of the purposes of*
17 *this Act, the head of any United States Government agency*
18 *is authorized to detail, assign, or otherwise make available to*
19 *any international organization any officer or employee of his*
20 *agency to serve with or as a member of the international staff*
21 *of such organization, or to render any technical, scientific or*
22 *professional advice or service to or in cooperation with such*
23 *organization.*

24 (b) *Any such officer or employee, while so assigned or*
25 *detailed, shall be considered, for the purpose of preserving*

1 *his allowances, privileges, rights, seniority and other bene-*
2 *fits as such, an officer or employee of the Government of*
3 *the United States and of the Government agency from*
4 *which detailed or assigned, and he shall continue to receive*
5 *compensation, allowances, and benefits from funds avail-*
6 *able to that agency or made available to that agency out*
7 *of funds authorized under this Act. He may also receive,*
8 *under such regulations as the President may prescribe,*
9 *representation allowances similar to those allowed under*
10 *section 901 of the Foreign Service Act of 1946, as amended*
11 *(22 U. S. C. 801). The authorization of such allowances*
12 *and other benefits and the payment thereof out of any*
13 *appropriations available therefor shall be considered as meet-*
14 *ing all the requirements of section 1765 of the Revised*
15 *Statutes.*

16 *(c) Details or assignments may be made under this*
17 *section—*

18 *(1) without reimbursement to the United States*
19 *by the international organization;*

20 *(2) upon agreement by the international organiza-*
21 *tion to reimburse the United States for compensation,*
22 *travel expenses, and allowances, or any part thereof,*
23 *payable to such officer or employee during the period of*
24 *assignment or detail in accordance with subsection (b)*
25 *of this section; and such reimbursement shall be credited*

1 to the appropriation, fund, or account utilized for paying
2 such compensation, travel expenses, or allowances, or to
3 the appropriation, fund, or account currently available
4 for such purposes;

5 (3) upon an advance of funds, property, or services
6 to the United States accepted with the approval of the
7 President for specified uses in furtherance of the purposes
8 of this Act; and funds so advanced may be established as
9 a separate fund in the Treasury of the United States, to
10 be available for the specified uses, and to be used for re-
11 imbursement of appropriations or direct expenditure sub-
12 ject to the provisions of this Act, any unexpended bal-
13 ance of such account to be returned to the international
14 organization; or

15 (4) subject to the receipt by the United States of
16 a credit to be applied against the payment by the United
17 States of its share of the expenses of the international
18 organization to which the officer or employee is detailed,
19 such credit to be based upon the compensation, travel
20 expenses and allowances, or any part thereof, payable to
21 such officer or employee during the period of assignment
22 or detail in accordance with subsection (b) of this
23 section.

24 SEC. 531. EXPERTS AND CONSULTANTS OR ORGAN-
25 IZATIONS THEREOF.—(a) Experts and consultants or or-

ganizations thereof, as authorized by section 15 of the Act of August 2, 1946 (5 U. S. C. 55a), may be employed by any United States Government agency for the performance of functions under this Act, and individuals so employed may be compensated at rates not in excess of \$75 per diem, and while away from their homes or regular places of business, they may be paid actual travel expenses and per diem in lieu of subsistence and other expenses at a rate not to exceed \$10 while so employed within the continental limits of the United States and at the applicable rate prescribed in the Standardized Government Travel Regulations (Foreign Areas) while so employed outside the continental limits of the United States.

(b) Persons of outstanding experience and ability may be employed without compensation by any United States Government agency for the performance of functions under this Act in accordance with the provisions of section 710 (b) of the Defense Production Act of 1950, as amended (50 U. S. C. App. 2160), and regulations issued thereunder.

(c) Notwithstanding section 9 of the Act of March 4, 1909 (31 U. S. C. 673), such advisory committees may be appointed as may be determined to be necessary or desirable to effectuate the purposes of this Act.

SEC. 532. SECURITY CLEARANCE.—No citizen or resident of the United States may be employed, or if already

1 employed, may be assigned to duties by the Director under
2 this Act for a period to exceed three months unless—

3 (a) such individual has been investigated as to
4 loyalty and security by the Civil Service Commission, or
5 by the Federal Bureau of Investigation in the case of
6 specific positions which have been certified by the Direc-
7 tor as being of a high degree of importance or sensitivity
8 or in case the Civil Service Commission investigation
9 develops data reflecting that the individual is of ques-
10 tionable loyalty, and a report thereon has been made
11 to the Director, and until the Director has certified in
12 writing (and filed copies thereof with the Senate Com-
13 mittee on Foreign Relations and the House Committee
14 on Foreign Affairs) that, after full consideration of such
15 report, he believes such individual is loyal to the United
16 States, its Constitution, and form of government, and
17 is not now and has never knowingly been a member of
18 any organization advocating contrary views; or

19 (b) such individual has been investigated by a mili-
20 tary intelligence agency and the Secretary of Defense
21 has certified in writing that he believes such individual is
22 loyal to the United States and filed copies thereof with
23 the Senate Committee on Foreign Relations and the
24 House Committee on Foreign Affairs.

25 This section shall not apply in the case of any officer

1 appointed by the President by and with the advice and con-
2 sent of the Senate, nor shall it apply in the case of any
3 person already employed under programs covered by this
4 Act who has been previously investigated in connection with
5 such employment.

6 SEC. 533. EXEMPTION OF PERSONNEL FROM CER-
7 TAIN FEDERAL LAWS.—(a) Service of an individual as
8 a member of a board or committee established pursuant to sec-
9 tion 308, 527, or 531 (c) of this Act or as an expert or con-
10 sultant under section 531 (a) shall not be considered as serv-
11 ice or employment bringing such individual within the
12 provisions of title 18, U. S. C., section 281, 283 or 284,
13 or of section 190 of the Revised Statutes (5 U. S. C.
14 99), or of any other Federal law imposing restrictions,
15 requirements, or penalties in relation to the employ-
16 ment of persons, the performance of services, or the pay-
17 ment or receipt of compensation in connection with any
18 claim, proceeding, or matter involving the United States,
19 except insofar as such provisions of law may prohibit any
20 such individual from receiving compensation in respect of
21 any particular matter in which such individual was directly
22 involved in the performance of such service; nor shall such
23 service be considered as employment or holding of office
24 or position bringing such individual within the provisions
25 of section 6 of the Act of May 22, 1920, as amended (5

1 *U. S. C. 715), section 212 of the Act of June 30, 1932,*
2 *as amended (5 U. S. C. 59a), or any other Federal law lim-*
3 *iting the reemployment of retired officers or employees or gov-*
4 *erning the simultaneous receipt of compensation and retired*
5 *pay or annuities.*

6 *(b) Notwithstanding section 2 of the Act of July 31,*
7 *1894 (5 U. S. C. 62), which prohibits certain retired offi-*
8 *cers from holding certain office, any retired officer of any of*
9 *the services mentioned in the Career Compensation Act of*
10 *1949 may hold any office or appointment under this Act or*
11 *the Mutual Defense Assistance Control Act of 1951, but the*
12 *compensation of any such retired officer shall be subject to*
13 *the provisions of the Act of June 30, 1932 (5 U. S. C.*
14 *59a), which does not permit retired pay to be added to the*
15 *compensation received as a civilian officer.*

16 *SEC. 534. WAIVERS OF CERTAIN FEDERAL LAWS.—*
17 *Whenever the President determines it to be in furtherance of*
18 *purposes declared in this Act, the functions authorized under*
19 *this Act may be performed without regard to such provisions*
20 *of law regulating the making, performance, amendment, or*
21 *modification of contracts and the expenditure of Govern-*
22 *ment funds as the President may specify.*

23 *SEC. 535. REPORTS.—The President, from time to time*
24 *while funds appropriated for the purpose of this Act con-*
25 *tinue to be available for obligation, shall transmit to the*

1 Congress reports covering each six months of operations, in
2 furtherance of the purposes of this Act, except information
3 the disclosure of which he deems incompatible with the
4 security of the United States. Reports provided for under
5 this section shall be transmitted to the Secretary of the
6 Senate or the Clerk of the House of Representatives, as the
7 case may be, if the Senate or the House of Representatives,
8 as the case may be, is not in session. Such reports shall
9 include detailed information on the implementation of sections
10 504 and 414 (b) of this Act.

11 SEC. 536. COOPERATION WITH INTERNATIONAL OR-
12 GANIZATIONS.—(a) The President is authorized to request
13 the cooperation of or the use of the services and facilities of
14 the United Nations, its organs and specialized agencies, or
15 other international organizations, in carrying out the pur-
16 poses of this Act, and may make payments by advancements
17 or reimbursements, for such purposes, out of funds made
18 available for the purposes of this Act, as may be necessary
19 therefor, to the extent that special compensation is usually
20 required for such services and facilities: Provided, That
21 nothing in this section shall be construed to authorize the
22 delegation to any international or foreign organization or
23 agency of authority to decide the method of furnishing assist-
24 ance under this Act to any country or the amount thereof.

25 (b) Whenever the President determines it to be in

1 furtherance of the purposes of this Act, United States
 2 Government agencies, on request of international organiza-
 3 tions, are authorized to furnish supplies, materials, and serv-
 4 ices, on an advance of funds or reimbursement basis, to such
 5 organizations. Such advances or reimbursements may be
 6 credited to the current applicable appropriation or fund of
 7 the agency concerned and shall be available for the purposes
 8 for which such appropriations and funds are authorized to be
 9 used.

10 *SEC. 537. JOINT COMMISSION ON RURAL RECON-*
 11 *STRUCTION IN CHINA.*—The President is authorized to con-
 12 tinue to participate in the Joint Commission on Rural Re-
 13 construction in China and to appoint citizens of the United
 14 States to the Commission.

15 *CHAPTER 3. REPEAL AND MISCELLANEOUS PROVISIONS*

16 *SEC. 541. EFFECTIVE DATE.*—This Act shall take effect
 17 on the date of its enactment.

18 *SEC. 542. STATUTES REPEALED.*—(a) There are
 19 hereby repealed—

20 (1) an Act to provide for assistance to Greece and
 21 Turkey, approved May 22, 1947, as amended;

22 (2) the joint resolution to provide for relief assist-
 23 ance to the people of the countries devastated by war, ap-
 24 proved May 31, 1947, as amended;

25 (3) the Foreign Aid Act of 1947;

1 (4) the *Foreign Assistance Act of 1948*, as
2 *amended; including the Economic Cooperation Act of*
3 *1948, as amended, the International Children's Emer-*
4 *gency Fund Assistance Act of 1948, as amended, the*
5 *Greek-Turkish Assistance Act of 1948, and the China*
6 *Aid Act of 1948, as amended;*

7 (5) the *Mutual Defense Assistance Act of 1949*,
8 *as amended;*

9 (6) the *Foreign Economic Assistance Act of 1950*,
10 *as amended; including the Economic Cooperation Act*
11 *of 1950, the China Area Aid Act of 1950, as amended,*
12 *the United Nations Palestine Refugee Aid Act of 1950,*
13 *and the Act for International Development, as amended;*

14 (7) the *Far Eastern Economic Assistance Act of*
15 *1950, as amended;*

16 (8) the *Yugoslav Emergency Relief Assistance*
17 *Act of 1950;*

18 (9) the *Mutual Security Act of 1951, as amended;*

19 (10) the *Mutual Security Act of 1952;*

20 (11) the *Mutual Security Act of 1953;*

21 (12) section 12 of the joint resolution of Congress
22 *approved November 4, 1939 (54 Stat. 10; 22 U. S. C.*
23 *452);*

1 (13) section 4 of the Act of March 3, 1925 (50
2 Stat. 887; 50 U. S. C. 165); and

3 (14) section 968 of title 18, United States Code.

4 (b) References in other Acts to the Acts listed in sub-
5 section (a) shall hereafter be considered to be references to
6 the appropriate provisions of this Act.

7 (c) The repeal of the Acts listed in subsection (a)
8 shall not be deemed to affect amendments contained in such
9 Acts to Acts not named in subsection (a).

10 SEC. 543. SAVING PROVISIONS.—

11 (a) Except as may be expressly provided to the con-
12 trary in this Act, all determinations, authorizations, regula-
13 tions, orders, contracts, agreements, and other actions is-
14 sued, undertaken or entered into under authority of any
15 provision of law repealed by section 542 shall continue in
16 full force and effect until modified by appropriate authority.

17 (b) Where provisions of this Act establish conditions
18 which must be complied with before use may be made of au-
19 thority contained in or funds authorized by this Act, com-
20 pliance with substantially similar conditions under Acts
21 named in section 542 shall be deemed to constitute compli-
22 ance with the conditions established by this Act.

23 (c) No person in the service or employment of the
24 United States or otherwise performing functions under an

1 *Act repealed by section 542 or under section 408 shall be re-*
 2 *quired to be reappointed or reemployed by reason of the*
 3 *entry into force of this Act, except that appointments made*
 4 *pursuant to section 110 (a) (2) of the Economic Coopera-*
 5 *tion Act of 1948, as amended, shall be converted to appoint-*
 6 *ments under section 528 (c) of this Act.*

7 *SEC. 544. AMENDMENTS TO OTHER LAWS.—(a) Title*
 8 *X of the United States Information and Educational Ex-*
 9 *change Act of 1948, as amended (22 U. S. C. 1431), is*
 10 *amended by adding the following new section:*

11 *“INFORMATIONAL MEDIA GUARANTIES*

12 *“SEC. 1011. The Director of the United States Infor-*
 13 *mation Agency may make guaranties, in accordance with*
 14 *the provisions of subsection (b) of section 414 of the Mutual*
 15 *Security Act of 1954, of investments in enterprises producing*
 16 *or distributing informational media consistent with the na-*
 17 *tional interests of the United States against funds heretofore*
 18 *made available by notes issued to the Secretary of the Treas-*
 19 *ury pursuant to section 111 (c) (2) of the Economic Co-*
 20 *operation Act of 1948, as amended, for purposes of*
 21 *guaranties of investments: Provided, however, That the*
 22 *amount of such guaranties in any fiscal year shall be deter-*
 23 *mined by the President but shall not exceed \$10,000,000.”*

24 *(b) Section 1 of Public Law 283, Eighty-first Congress,*

1 is repealed. The Institute of Inter-American Affairs, cre-
2 ated pursuant to Public Law 369, Eightieth Congress (22
3 U. S. C. 281), shall have succession until June 30, 1960,
4 and may make contracts for periods not to exceed five
5 years: Provided, That any contract extending beyond June
6 30, 1960, shall be made subject to termination by the said
7 Institute upon notice: And provided further, That the said
8 Institute shall, on and after July 1, 1954, be subject to the
9 applicable provisions of the Budget and Accounting Act,
10 1921, as amended (31 U. S. C. 1), in lieu of the provisions
11 of the Government Corporation Control Act, as amended
12 (31 U. S. C. 841).

13 SEC. 545. DEFINITIONS.—For the purposes of this
14 Act—

15 (a) The term “commodity” includes any commodity,
16 material, article, supply, or goods.

17 (b) The term “surplus agricultural commodity” means
18 any agricultural commodity or product thereof, class, kind,
19 type, or other specification thereof, produced in the United
20 States either publicly or privately owned, which is in excess
21 of domestic requirements, adequate carryover, and antici-
22 pated exports for dollars, as determined by the Secretary of
23 Agriculture.

24 (c) The terms “equipment” and “materials” shall mean

1 any arms, ammunition, or implements of war, or any other
2 type of material, article, raw material, facility, tool, ma-
3 chine, supply or item that would further the purpose of
4 chapter 1 of title I, or any component or part thereof, used
5 or required for use in connection therewith, or required
6 in or for the manufacture, production, processing, storage,
7 transportation, repair, or rehabilitation of any equipment
8 or materials, but shall not include merchant vessels.

9 (d) The term "mobilization reserve", as used with re-
10 spect to any equipment or materials, means the quantity of
11 such equipment or materials determined by the Secretary of
12 Defense under regulations prescribed by the President to be
13 required to support mobilization of the Armed Forces of the
14 United States in the event of war or national emergency
15 until such time as adequate additional quantities of such
16 equipment or materials can be procured.

17 (e) The term "excess", as used with respect to any
18 equipment or materials, means the quantity of such equip-
19 ment or materials owned by the United States which is
20 in excess of the mobilization reserve of such equipment or
21 materials.

22 (f) The term "services" shall include any service,
23 repair, training of personnel, or technical or other assist-

1 *ance or information necessary to effectuate the purposes*
2 *of this Act.*

3 *(g) The term "Armed Forces of the United States"*
4 *shall include any component of the Army of the United*
5 *States, of the United States Navy, of the United States*
6 *Marine Corps, of the Air Force of the United States, of the*
7 *United States Coast Guard, and the Reserve components*
8 *thereof.*

9 *(h) The term "value" means—*

10 *(1) with respect to any excess equipment or mate-*
11 *rials furnished under chapter 1 of title I, the gross cost*
12 *of repairing, rehabilitating, or modifying such equip-*
13 *ment or materials prior to being so furnished;*

14 *(2) with respect to any nonexcess equipment or*
15 *materials furnished under chapter 1 of title I which are*
16 *taken from the mobilization reserve (other than equip-*
17 *ment or materials referred to in paragraph (3) of this*
18 *subsection), the actual or the projected (computed as*
19 *accurately as practicable) cost of procuring for the mo-*
20 *bilization reserve an equal quantity of such equipment*
21 *or materials or an equivalent quantity of equipment or*
22 *materials of the same general type but deemed to be*
23 *more desirable for inclusion in the mobilization reserve*
24 *than the equipment or material furnished;*

25 *(3) with respect to any nonexcess equipment or*

1 materials furnished under chapter 1 of title I which are
2 taken from the mobilization reserve but with respect to
3 which the Secretary of Defense has certified that it is
4 not necessary fully to replace such equipment or mate-
5 rials in the mobilization reserve, the gross cost to the
6 United States of such equipment and materials or its
7 replacement cost, whichever the Secretary of Defense
8 may specify; and

9 (4) with respect to any equipment or materials
10 furnished under chapter 1 of title I which are procured
11 for the purpose of being so furnished, the gross cost to
12 the United States of such equipment and materials.

13 In determining the gross cost incurred by any agency in
14 repairing, rehabilitating, or modifying any excess equip-
15 ment furnished under chapter 1 of title I, all parts, acces-
16 sories, or other materials used in the course of repair, re-
17 habilitation, or modification shall be priced in accordance
18 with the current standard pricing policies of such agency.

19 For the purpose of this subsection, the gross cost of any
20 equipment or materials taken from the mobilization reserve
21 means either the actual gross cost to the United States of
22 that particular equipment or materials or the estimated gross
23 cost to the United States of that particular equipment or
24 materials obtained by multiplying the number of units of such
25 particular equipment or materials by the average gross cost of

1 each unit of that equipment and materials owned by the
2 furnishing agency.

3 (i) The term "United States Government agency" means
4 any department, agency, board, wholly or partly owned cor-
5 poration, or instrumentality, commission, or establishment of
6 the United States Government.

7 (j) The term "nation" shall include, where appropriate,
8 any country, territory, or joint control area.

9 SEC. 546. CONSTRUCTION.—(a) If any provision of
10 this Act or the application of any provision to any circum-
11 stances or persons shall be held invalid, the validity of the
12 remainder of the Act and applicability of such provision to
13 other circumstances or persons shall not be affected thereby.

14 (b) Nothing in this Act shall alter, amend, revoke,
15 repeal, or otherwise affect the provisions of the Atomic Energy
16 Act of 1946, as amended (42 U. S. C. 1801).

17 (c) Nothing in this Act is intended nor shall it be
18 construed as an expressed or implied commitment to pro-
19 vide any specific assistance, whether of funds, commodities,
20 or services, to any nation or nations, or to any inter-
21 national organization.

Passed the House of Representatives June 30, 1954.

Attest:

LYLE O. SNADER,

Clerk.

83^d CONGRESS
2^d SESSION

H. R. 9678

[Report No. 1799]

[Report No. 1816]

AN ACT

To promote the security and foreign policy of the United States by furnishing assistance to friendly nations, and for other purposes.

JULY 1 (legislative day, JUNE 22), 1954

Read twice and referred to the Committee on Foreign Relations

JULY 13 (legislative day, JULY 2), 1954

Reported with an amendment, and referred to the Committee on Armed Services

JULY 16 (legislative day, JULY 2), 1954

Reported without additional amendment

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued July 28, 1954
For actions of July 27, 1954
83rd-2nd, No. 142

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HIGHLIGHTS: House passed water-facilities loans bill. House debated foreign-aid appropriation bill. Senate passed atomic energy bill. Senate committee reported Butz nomination. Rep. Hope introduced bill to restore inspection authority in Virgin Islands. Rep. Cooley criticized administration's farm program. Senate made foreign-aid authorization bill its unfinished business, and Sen. Knowland announced this would be followed by farm program bill.

HOUSE

1. WATER-FACILITIES LOANS. Passed as reported S. 3137, to expand coverage of the Water Facilities Act to the entire country, to increase the amount of loans for individual projects which is permitted under existing law, to enable water-facilities to be made through Government-insured loans by private institutions, and (through a House committee amendment) to authorize loans for carrying out soil-conservation practices (pp. 11631-4).
2. MUTUAL SECURITY APPROPRIATION BILL, 1955. Began and concluded debate on this bill, H. R. 10051, but deferred a final vote until today (pp. 11575-625). The bill appropriates \$2,895,944,000 (a reduction of \$542,605,805 in the Budget estimates) and continues available \$2,312,475,979 of unobligated funds (a reduction of \$269,607,749 in the estimates). The bill includes \$101,500,000 for technical cooperation, \$184,500,000 for development assistance, and \$12,000,000 for the UN Children's Fund.
Rejected, 34-110, a Vorys amendment to increase the technical assistance item by \$17,958,000 and also rejected a Javits amendment (to this amendment) increasing the item by \$30,028,000 (pp. 11617-23). Rejected several other amendments changing the amounts in the bill.
An amendment by Rep. Phillips, to provide that not less than \$4,100,000 of the technical-assistance item be made available to FAO for multilateral technical

cooperation, was ruled out of order (p. 11617).

Rep. Cooley stated that the cost of farm programs is "inconsequential" when compared with foreign-aid and other costs, commended the present price-support program, and criticized the proposed flexible program (pp. 11598-602).

The committee report on this bill questions the validity of outstanding obligations and states that there was "a deliberate effort to tie-up or dispose of available funds before the June 30 deadline."

The bill contains a provision prohibiting the procurement of equipment or materials outside the U. S., under this program, unless the President makes certain findings.

3. PATENTS. Passed as reported H. R. 3534, to authorize the extension of patents covering inventions whose practice was prevented or curtailed during certain emergency periods by service of the patent owners in the armed forces or by production controls (pp. 11629-31).
4. MINERALS. Received the conference report on S. 3344, to amend the mineral leasing laws to provide for multiple mineral development of the same tracts of the public lands (H. Rept. 2552)(pp. 11635-9).
5. PRICE SUPPORTS. Rep. Marshall inserted a farmer's letter criticizing the reduction in dairy supports (p. 11635).
6. PERSONNEL. A Post Office and Civil Service subcommittee voted to report to the full committee H. R. 9586, to eliminate certain loopholes in the law which permit excessive annuity benefits, under the Civil Service Retirement Act, for nominal periods of service (p. D904).
7. COMMITTEE ASSIGNMENTS. Rep. Keogh was transferred from the Merchant Marine and Fisheries Committee to the Ways and Means Committee (p. 11576).
8. LEGISLATIVE PROGRAM. Rep. Halleck announced that the Consent Calendar will be read this week and several bills will be considered under suspension of the rules, and he said: "as far as we are concerned here in the House..., I think that on the whole by the time the week is out we will have disposed of the matters that are to be disposed of in this session of Congress." (pp. 11625-6.)

SENATE

9. ATOMIC ENERGY. Passed, 57-28, with amendments H. R. 9757, the atomic energy bill (pp. 11643-713, 11716-55).
10. NOMINATION OF Earl L. Butz, to be Assistant Secretary of Agriculture, was favorably reported by the Agriculture and Forestry Committee (p. 11715).
11. LEGISLATIVE PROGRAM. H. R. 9678, the foreign-aid authorization bill, was made the unfinished business, and Sen. Knowland announced that this would be followed by the farm program bill (p. 11755).

BILLS INTRODUCED

12. VIRGIN ISLANDS. H. R. 10077, by Rep. Hope, to restore the USDA animal-poultry inspection authority, regarding imports into the Virgin Islands, on a modified basis; to Agriculture Committee (p. 11642).
13. FORESTRY. H. R. 10075, by Rep. Engle, to authorize adjustment and clarification of ownership of certain lands in the Stanislaus National Forest, Calif.; to Agriculture Committee (p. 11642).

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued
For actions of

July 29, 1954
July 28, 1954
83rd-2nd, No. 143

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HIGHLIGHTS: House passed mutual security appropriation bill. House agreed to conference report on tax revision bill. Senate concurred in House amendments to water-facilities loans bill. Senate agreed to conference report on housing bill. House debated bill to increase CCC borrowing power. Senate debated mutual security authorization bill. Senate confirmed Butz nomination. Senate committee reported bill for uniform system of incentive awards. Sens. Butler and Kuchel criticized rigid price supports. Sens. Symington urged drought relief. Rep. Hope explained watershed bill.

HOUSE

1. MUTUAL SECURITY APPROPRIATION BILL, 1955. Passed, 266-128, with amendments this bill, H. R. 10051 (pp. 11757-8).
2. TAXATION. By a 315-77 vote, agreed to the conference report on H. R. 8300, to revise the internal revenue laws (pp. 11758-67, 11769). The bill includes a provision allowing farmers to deduct expenditures for soil-water conservation as expense rather than capitalization.
3. COMMODITY CREDIT CORPORATION. Began debate on H. R. 9756, increasing the borrowing power of CCC from \$8,500,000,000 to \$10,000,000,000. Rejected, 29-53, an amendment by Rep. Patman to prohibit CCC from financing outside the Treasury at an interest cost greater than $1\frac{1}{4}$ times its cost of financing with the Treasury on borrowings of comparable maturity. Rejected, by a division vote of 72 to 5, a motion by Rep. Multer to recommit the bill with instructions for the insertion of this amendment. Rep. Javits objected to this report on the ground that a quorum was not present, and the matter is to be considered further today. (pp. 11787-95).
4. EXPORT-IMPORT BANK. Passed without amendment S. 3589, to provide for independent management of the Export-Import Bank under a Board of Directors, to provide for representation of the Bank on the National Advisory Council on International

Monetary and Financial Problems, and to increase the Bank's lending authority (p. 11787). This bill will now be sent to the President.

5. RECLAMATION. Rejected, 188-196, a resolution for consideration of H. R. 236, to authorize the Fryingpan-Arkansas project, Colo. (pp. 11777-87).
6. ATOMIC ENERGY. House and Senate conferees were appointed on H. R. 9757, the atomic energy bill (pp. 11771, 11872).
7. FARM PROGRAM. Rep. Madden criticized the Administration's farm program (p. 11801).
8. TRADE AGREEMENTS. Rep. Saylor criticized GATT and administration of the trade-agreements law (pp. 11801-5).

SENATE

9. WATER-FACILITIES LOANS. Concurred in the House amendments to S. 3137, to amend the Water Facilities Act so as to extend the program to the entire country, increase the authorized amount of individual loans, permit insured loans, and authorize loans for soil-conservation purposes (p. 11886). This bill will now be sent to the President.
10. HOUSING. By a 59-21 vote, agreed to the conference report on H. R. 7839, the omnibus housing bill (pp. 11824-66, 11868-70, 11873-84). This bill will now be sent to the President. The bill includes authorization of \$100,000,000 additional for the farm housing program administered by this Department, together with additional authorizations for contributions under this program.
11. FOREIGN AID. Began debate on H. R. 9678, the mutual security authorization bill for 1955 (pp. 11814, 11818-24, 11886-7).
12. NOMINATION of Earl L. Butz, to be Assistant Secretary of Agriculture, was unanimously confirmed without debate (p. 11817).
13. INCENTIVE AWARDS. The Post Office and Civil Service Committee reported with amendments H. R. 7774, to establish a uniform system for granting incentive awards to officers and employees of the Government (S. Rept. 1993)(p. 11809).
14. MONOPOLIES. The Rules and Administration Committee reported with additional amendment S. Res. 14, authorizing a study of the antitrust laws and their administration, interpretation, and effect (S. Rept. 1989)(p. 11809).
15. DROUGHT RELIEF. Sen. Symington urged immediate drought relief for Mo., and Sen. Hennings inserted his statement on the matter (pp. 11812-3).
16. FARM PROGRAM. Sen. Knowland announced that S. 3052, the farm program bill, is to be taken up immediately after disposition of the foreign aid bill, but that debate on the farm bill will be interrupted by consideration of the tax bill and, on Sat., by a call of the calendar. He stated further: "Undoubtedly we shall continue debate on the farm bill in the early part of next week, even though that bill is to be made the unfinished business this week, for the opening of the debate on it." (p. 11814.)
Sen. Williams submitted an amendment which he intends to propose to the bill (p. 11809).
Sen. Butler criticized high, rigid price supports and inserted a Baltimore Sun article, "Excuses for Crops Nobody Wants" (p. 11810).

facts as they have accumulated one upon another just as an interesting but otherwise unimportant set of statistics and has learned nothing from previous years? Now that the Governor of Missouri has declared the entire State a major disaster area, the Department is going to start, mind you, start looking over the situation. Last year, I recall, it took months of repeated urging to move the Department to take any action in the matter of the drought—and the relief program was too little and too late. Are we to spend another entire summer going through the same motions all over again?

I was very glad to see the resolution introduced by my friend and colleague, Senator DOUGLAS, to provide also, for a joint congressional committee to investigate drought conditions and make recommendations. As the New York Times pointed out in an editorial yesterday, "We have to think not only in terms of immediate emergency, not only in terms of this generation, but in terms of all the years to come. Drought and blowing dust may do harm in a few weeks that cannot be repaired in centuries. We have, as we know, our external enemies, but wind and drought and our own recklessness are internal enemies with which we must also deal."

I was very glad to see the resolution introduced. I will support it with all my energy. I hope that we can get some action on it.

A few days ago I inserted in the CONGRESSIONAL RECORD editorials from the two St. Louis papers. Today I call the attention of my colleagues to another editorial in the Kansas City Star. "The ravages of drought are cumulative," says the Star succinctly. "Farmers who may survive on borrowed money for a year or two eventually reach the end of their rope. Drought year after year is a deadly discouraging thing."

When large metropolitan papers such as the St. Louis Post-Dispatch and Globe-Democrat and the Kansas City Star and the New York Times all recognize that the drought has created a crisis in the farmlands of our Nation, it behooves the Senate also to recognize that a crisis exists and to support the Douglas resolution.

[From the Kansas City Star of July 23, 1954]

THE DROUGHT CHALLENGE

Prompt Federal action to meet the drought emergency is indicated in President Eisenhower's response to an appeal by Governor Donnelly. There is good reason to hope that in Missouri there will be a cooperative, working relationship between the Federal and State Governments.

The third year of drought poses a problem that requires the best efforts—directed where they will do the most good. We are assuming that lessons have been learned from the experience of last year. When the State of Missouri and the Federal Government failed to get together on a hay program the State went its own way with cut-rate hay for anyone who wanted it.

There is no question that the plan helped thousands of farmers save their herds and as a 1-year proposition it may have been justified. But now we are confronted with drought on drought. Aid will have to be concentrated on the areas and individuals of real need.

The ravages of drought are cumulative. Farmers who may survive on borrowed money for a year or two eventually reach the end of their rope. Drought year after year is a deadly discouraging thing. Just as drought has a cumulative effect on farmers it also affects the supplies of water that are vital to the farms. Water tables drop year by year until they are out of reach of many existing wells. That is why the State is making a study of underground water supplies.

Most of this area was helped by the spring and early summer rains. Earlier crops matured ahead of the 110-degree heat and ponds were restored. In some sections the situation has not yet reach the critical stage. But over a large part of Missouri and Kansas the rains are ancient history and the sun turns its blazing menace on all.

[From the New York Times of July 27, 1954]

AGAIN THE DUST BOWL?

Even in the neighborhood of New York City, this has been a dry year. This newspaper yesterday published on its front page a sad picture of a cornfield at Congers, N. Y., with stunted, drooping plants and no prospect of much corn on the cob. Similar situations can be found on Long Island and in New Jersey. Fruit, vegetables, and hay all have suffered. Total precipitation as measured at the Battery since January 1 has been only 14.45 inches, or 9.39 inches less than for the same period last year.

But this area is never within foreseeable time going to be a Dust Bowl. Fourteen or fifteen inches of rain might be an abundance in some parts of the real Dust Bowl, which runs roughly from the 100th meridian to the western boundaries of Wyoming, Colorado, and New Mexico. This is the so-called Great Basin. This is where the great drought of 20 years ago dried out the land and darkened the eastern skies with blowing dust.

Since 1936 much has been done to save the soil of the Great Basin. Contour plowing has been more widely used, cover crops have been grown, there has been some planting of tree belts, and landowners in general have learned something about the evils of overgrazing, especially by sheep, and overplowing. But this year has been a test of knowledge and of fortitude. Temperatures have run high, rainfall has fallen low. In Iowa and Missouri there have been plagues of grasshoppers. In Oklahoma, Kansas, and Nebraska many ranchers got their wheat in before the drought took effect, but it is not yet sure that all this land should have been planted to wheat this year. We still have a tendency to mine our land rather than cultivate it and preserve it, and in the Great Basin the speculative spirit, both in land and crops, has always been strong.

Yesterday Senator DOUGLAS, of Illinois, introduced a resolution calling for an immediate program of drought relief in the Midwest and Southwest, and for a joint congressional committee to investigate drought conditions and make recommendations. Apparently this is one of the situations that has to be investigated at least once in 20 years.

We have to think not only in terms of immediate emergency, not only in terms of this generation, but in terms of all the years to come. Drought and blowing dust may do harm in a few weeks that cannot be repaired in centuries. We have, as we know, our external enemies, but wind and drought and our own recklessness are internal enemies with which we must also deal.

THE ATOMIC ENERGY BILL

Mr. ERVIN. Mr. President, I ask unanimous consent to have printed in the RECORD a statement prepared by me on the atomic energy bill.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR ERVIN

THE ATOMIC ENERGY BILL

1. At 9:50 p. m. last night, that is, Tuesday night, July 27, the Senate passed the atomic energy bill after considering it for a total of 180 hours and 50 minutes. This bill

is designed to promote national defense through the development of atomic weapons, to promote the development of atomic energy for medical and other peacetime uses and to authorize two-way agreements with free nations for cooperation on peacetime uses of atomic energy. It contemplates that the country is to have the benefit of the best brains in the atomic energy field and that the Government and private enterprise are to work hand in hand in the service of the American people in this great scientific field. It gives to rural electrification cooperatives and governmental bodies a preference in respect to power development by atomic energy.

2. Much of the debate in the Senate overemphasized the power aspects of the bill. This is true because experts in the atomic energy field state that it will be 12 years or more before it will be economically feasible to produce power by atomic energy for general uses in any substantial quantities. As a consequence, those who have overemphasized the power aspects of the matter are somewhat like the man who invited his friends to a rabbit stew before he made the rabbit gum to catch the rabbit.

3. The atomic energy bill is in no sense either a Republican measure or a Democratic measure. It is a revision of the McMahon Act, which was passed by the Congress in 1946 and takes its name from the late Brian McMahon, a Democratic Senator from Connecticut. The atomic energy bill is based in the main on recommendations of the Atomic Energy Commission, which is composed of five men of high integrity, intelligence, and patriotism. Three of the members of the Atomic Energy Commission were appointed by a Democratic President. The bill was formulated by the Joint Committee on Atomic Energy, a congressional committee composed of both Democrats and Republicans. The joint congressional committee unanimously recommended the passage of the bill by the Congress. The bill was championed in the House by an expert on atomic energy matters, namely, CARL T. DURHAM, a Democratic Congressman from North Carolina. It was advocated in the Senate by another expert on atomic energy matters, namely, JOHN PASTORE, a Democratic Senator from Rhode Island. When the bill came on for final passage in the Senate, it was supported by 45 Republicans and 17 Democrats, and was opposed by 3 Republicans and 29 Democrats. Among the Democrats supporting the bill on final passage was Senator LYNDON JOHNSON of Texas, the Democratic leader in the Senate. I was present on the final passage of the bill and was paired for it with Senator EASTLAND, of Mississippi, who opposed the bill and who was engaged in a primary election in his State.

4. When my predecessor, the late Clyde R. Hoey died, one of his associates in the Senate said that Senator Hoey always voted for what he thought was right under existing conditions and in the light of all the information at his command. I want to assure the people of North Carolina that I will pursue this same course as long as I am privileged to represent them in the United States Senate, however long or short the period of my service may be.

5. I followed this course in respect to the atomic energy bill. Being conscious of my ignorance in this scientific field, I studied the bill, the evidence given by witnesses before the joint congressional committee while it was considering the bill, the report of the joint congressional committee to the House and Senate, and the reports of the Atomic Energy Commission to the joint congressional committee. It was like going to school again, because these documents covered 1,450 pages. In addition to this, I listened to as much of the debate in the Senate as was humanly possible, considering the fact that

the debate lasted approximately 180 hours altogether. As a result of my study, I reached the deliberate conclusion that the atomic energy bill is a meritorious measure. To be sure it is not perfect. No bill of such magnitude can be perfect.

The PRESIDING OFFICER. Is there further morning business?
If not, morning business is closed.

ARTHUR S. ROSICHAN—CONFERENCE REPORT

Mr. WILEY. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 3532) for the relief of Arthur S. Rosichan. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 3532) for the relief of Arthur S. Rosichan, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendment.

ALEXANDER WILEY,
JOHN MARSHALL BUTLER,
OLIN D. JOHNSTON,

Managers on the Part of the Senate.

EDGAR A. JONAS,
WILLIAM E. MILLER,
THOMAS J. LANE,

Managers on the Part of the House.

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. WILEY. Mr. President, the bill (H. R. 3532) as it passed the House provided for \$1,935.85. The Senate thought that was a little excessive, and reduced it to \$659.85. The conferees considered the matter and agreed that the House was correct in its amount.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

LEGISLATIVE PROGRAM

Mr. JOHNSON of Texas. Mr. President, if I may have the attention of the distinguished majority leader, I rise for the purpose of receiving information from him as to his recommendations of the program for the remainder of the week and as far ahead as he can anticipate. I assume the Senate will proceed to consider the foreign aid bill today, but there are several conference reports pending. In order that Members on both sides of the aisle may have information, and I observe that some of them are present, I wonder if the majority leader would be kind enough to state to us what his hopes are.

Mr. KNOWLAND. Mr. President, I would say to the distinguished minority leader that what I had in mind was that

we would proceed, immediately after the morning hour, with the foreign aid bill. At about 12:05 p. m. today, I shall move that the Senate stand in recess so that it may proceed in a body to the Hall of the House of Representatives to attend the joint meeting, at which President Syngman Rhee, of the Republic of Korea, will speak. I assume that Members of the Senate will be back in this Chamber in approximately 45 minutes, and we will resume consideration of the foreign aid bill at that time.

During the course of the afternoon, perhaps at about 3 o'clock or thereabouts, we may then proceed with the privileged matter of the conference report on the housing legislation.

Mr. JOHNSON of Texas. All Senators who are interested in the conference report on the housing bill are on notice that they should be here and prepared to discuss it sometime during the middle of the afternoon; is that correct?

Mr. KNOWLAND. That is correct.

Then we shall proceed with consideration of the foreign-aid bill until it has been disposed of. I would not expect the session tonight to run beyond perhaps 9 or 9:30, unless it would seem that we could finish the bill in a short time. I do not wish to hold the Senate in a late session today.

As soon as we have completed action on the foreign-aid bill, I shall then move to make the unfinished business the farm bill; and then we shall proceed to debate it.

I understand that today the House of Representatives is taking up the conference report on the tax bill. I have not yet had a chance to discuss with the distinguished Senator from Colorado [Mr. MILLIKIN] his desires in regard to calling up that conference report; but pending that discussion, I think we would not call it up—even if the House should act today—until either tomorrow, Friday, Saturday, or Monday. That will depend somewhat on the situation.

Mr. JOHNSON of Texas. Do I correctly understand that the Senator from California plans to interrupt discussion of the farm bill, to take up the conference report on the tax bill?

Mr. KNOWLAND. Yes; that is correct.

It is my plan to have a session on Saturday, just as on other days; but I hope we can end the Saturday session a little earlier in the evening than in the case of the other days when we shall be meeting. Of course, right after the convening of the Senate on Saturday, we plan to ask unanimous consent for a call of the calendar of measures to which there is no objection, from the beginning of the calendar, so that we may have a chance to go through the calendar once more.

Undoubtedly we shall continue debate on the farm bill in the early part of next week, even though that bill is made the unfinished business this week, for the opening of the debate on it. I shall check further on our calendar, and shall advise the minority leader as soon as possible as to what the program thereafter will be.

Mr. IVES. Mr. President, will the Senator from California yield?

Mr. KNOWLAND. I yield.

Mr. IVES. Will the distinguished Senator from California give some indication as to when he expects to have a call of the Executive Calendar?

Mr. KNOWLAND. Yes; I have taken that up with the minority leader. The minority are checking on a few nominations which they wish to check upon. I hope we can dispose of the remainder of the Executive Calendar, with the exception of that relatively small number, this afternoon—and, I hope, soon after we return from the meeting with the House of Representatives, if not before.

Mr. JOHNSON of Texas. Mr. President, will the Senator from California yield to me?

Mr. KNOWLAND. I yield.

Mr. JOHNSON of Texas. At the suggestion of the majority leader, the minority leader has discussed the Executive Calendar with the chairman of the Committee on Post Office and Civil Service, and he is now attempting to clear up some problems which have been presented to the minority leader. As soon as we can get a report on just what action the committee took, and can confer with the ranking minority member of the committee, we shall be willing to have the Senate proceed to take up the Executive Calendar.

MUTUAL SECURITY ACT OF 1954

The Senate resumed the consideration of the bill (H. R. 9678) to promote the security and foreign policy of the United States by furnishing assistance to friendly nations, and for other purposes.

Mr. WILEY addressed the Senate. After having spoken for about 30 minutes he was interrupted by—

Mr. KNOWLAND. Mr. President, I wonder if the distinguished Senator from Wisconsin would be prepared to yield at this point with the understanding that he will not lose the floor, and that when the Senate returns to its Chamber he may continue with his address, so that it will not be broken up.

Mr. WILEY. With that understanding, I yield.

(Mr. WILEY's address in its entirety appears later in today's RECORD under the heading "Mutual Security Act of 1954," when the Senate resumed the consideration of House bill 9678.)

Mr. KNOWLAND. I suggest the absence of a quorum in order to alert Senators to the fact that the time has nearly arrived when the Senate will proceed in a body to the Hall of the House of Representatives to hear the address to be delivered by President Syngman Rhee, of the Republic of Korea, to the joint meeting of the two Houses of Congress.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

nations on the calendar, I asked my secretary to make certain we had checked each of those who had been nominated. I am sure the chairman of the committee knows we have cleared a good number of postmasters in the State of Alabama, and we have made it publicly known in our State that we would not hold up the confirmation of any postmaster when the nomination had been regularly made. We made the fact clear to our Republican friends there that we would not hold up the nominations in the Post Office Department merely for the sake of holding them up.

All we asked was that the regular procedure be followed and that the rights, certainly, of veterans be protected in making the selections.

Our procedure is as follows: When the nomination of a postmaster comes before us, we check on it with the Representative in whose district the post office lies, because ordinarily he has a more intimate knowledge of the situation than we can hope to have. That is what we are in the process of doing now; and I wish to make it amply clear that this is not to be interpreted at all as an objection to a single one on the list. I am certain that most of them, and it is entirely possible that all of them, will be cleared when we complete our check.

Mr. KNOWLAND. I thank the Senator from Alabama.

Mr. JOHNSON of Texas. Mr. President, will the Senator from California yield to me?

Mr. KNOWLAND. I yield.

Mr. JOHNSON of Texas. Mr. President, these postmaster nominations have been on the executive calendar since July 23. The minority leader attempts to protect every member of the minority. But the procedure he follows is to check with the minority members of the committee.

I wish to ask each Member of the minority who may be interested in having any nomination that is reported to the calendar passed over or objected to, please to show the leader consideration, by telling him, so he can make proper objection.

The majority leader came to me and asked me to have this Executive Calendar checked. I went to the ranking minority member of the committee; I went to the staff of the committee. I was informed that the names on this calendar were satisfactory, with two exceptions: One, a postmaster nomination in Louisiana; the other, a postmaster nomination in North Carolina.

Certainly I would have objected to the nominations from other States, had a simple suggestion been made by the Senators from those States.

I ask that Members notify me when nominations to which they have objection are reported. If that is done, we shall not get into this kind of brawl any more.

Mr. CARLSON. Mr. President, will the Senator from California yield to me?

Mr. KNOWLAND. I yield.

Mr. CARLSON. I should like to make one more statement, in view of the statement of the Senator from Oklahoma [Mr. MONRONEY], and in regard to the staff of the committee. We have a good

staff, and they are working together. As chairman I can state that I have had the finest cooperation from every one of them. They are rendering real service to the committee and the Congress.

The PRESIDING OFFICER. The clerk will proceed to state the nominations on the Executive Calendar.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that all the postmaster nominations, with the exceptions noted, namely, those in Alabama; the one in Louisiana; and the nomination of Hoy C. Correll, of North Carolina, be confirmed en bloc; in other words, I am asking that, with those exceptions, the remaining postmaster nominations be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the postmaster nominations, as specified are confirmed en bloc.

The clerk will proceed to state the new reports on the Executive Calendar.

DEPARTMENT OF THE TREASURY

The legislative clerk read the nomination of W. Randolph Burgess, of New York, to be Under Secretary of the Treasury for Monetary Affairs.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Laurence B. Robbins, of Illinois, to be Assistant Secretary of the Treasury.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

UNITED STATES TARIFF COMMISSION

The legislative clerk read the nomination of Glenn W. Sutton, of Georgia, to be a member of the United States Tariff Commission.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

COMPTROLLERS OF CUSTOMS

The legislative clerk read the nomination of Albert V. Becker, of Illinois, to be comptroller of customs with headquarters at Chicago, Ill.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Raymond L. Rhodes, of New Jersey, to be comptroller of customs with headquarters at New York, N. Y.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

COLLECTOR OF CUSTOMS

The legislative clerk read the nomination of Arthur Rogers to be collector of customs for customs collection district No. 43, with headquarters at Memphis, Tenn.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

DEPARTMENT OF AGRICULTURE

The legislative clerk read the nomination of Earl L. Butz, of Indiana, to be Assistant Secretary of Agriculture.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

FOREIGN OPERATIONS ADMINISTRATION

The legislative clerk read the nomination of William F. Russell, of Connecticut, to be Deputy Director for Technical Services, Foreign Operations Administration.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

DIPLOMATIC AND FOREIGN SERVICE

The legislative clerk proceeded to read sundry nominations in the Diplomatic and Foreign Service.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the nominations in the Diplomatic and Foreign Service be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations in the Diplomatic and Foreign Service are confirmed en bloc.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the President be immediately notified of all these confirmations of nominations.

The PRESIDING OFFICER. Without objection, the President will be notified forthwith.

LEGISLATIVE SESSION

Mr. KNOWLAND. Mr. President, I move that the Senate resume the consideration of legislative business.

The motion was agreed to, and the Senate resumed the consideration of legislative business.

ORDER OF BUSINESS

Mr. KNOWLAND. Mr. President, when we went into executive session, or at least when the Chair recognized the majority leader, it was in the middle of the opening remarks of the Senator from Wisconsin [Mr. WILEY] on the foreign-aid bill. I had requested unanimous consent that if he would permit an interruption, in order to enable us to take up the Executive Calendar, and then to attend the joint meeting with the House of Representatives, it would be understood that he would be recognized when we resumed the legislative session, and that his speech would have continuity.

The PRESIDING OFFICER. The Chair is cognizant of that fact. Therefore, the Chair now recognizes the Senator from Wisconsin.

Mr. WILEY. Mr. President—

Mr. MANSFIELD. Mr. President, will the Senator from Wisconsin yield, in order to permit me to ask a question of the majority leader?

Mr. WILEY. I yield for that purpose.

Mr. MANSFIELD. I had understood that the Senator from Wisconsin had completed his remarks, and that at 3 o'clock the Senator from Indiana [Mr. CAPEHART] was going to submit the conference report on the housing bill. I had

thought the time between now and 3 o'clock would be available for other speeches on the Foreign Operations Administration.

Let me ask whether the distinguished chairman of the Foreign Relations Committee had completed his remarks.

Mr. KNOWLAND. No, he has not finished his remarks.

Mr. MANSFIELD. Is it true that the distinguished chairman of the Banking and Currency Committee will proceed to discuss the conference report on the housing bill at 3 o'clock, following the remarks of the chairman of the Foreign Relations Committee?

Mr. KNOWLAND. I did not quite understand that the proceedings on the conference report on the housing bill would begin precisely at 3 o'clock. I said the plan was to have the conference report on the housing bill taken up sometime in the course of the afternoon—after we had returned from the joint meeting with the House of Representatives, and, I assumed, after the distinguished senior Senator from Wisconsin had completed his remarks and after we had considered the Executive Calendar. I said it would be agreeable to me to have the conference report on the housing bill taken up at that point.

Let me say we have one other conference report that is ready.

Mr. MANSFIELD. That is a satisfactory explanation; I simply wished to have the RECORD straight.

Mr. KNOWLAND. There is also the conference report on the SEC bill, which I understand has been cleared with the minority and, in particular, with the ranking Democratic member of the committee, the senior Senator from South Carolina [Mr. MAYBANK]. We could take it up ahead of the conference report on the housing bill, because I imagine the conference report on the SEC bill would take less time.

But that is the general program; and when the Senator from Wisconsin completes his remarks, I expect that we shall then take up the conference report on the SEC bill, and then the conference report on the housing bill.

Mr. CAPEHART. Mr. President, the able majority leader is mistaken; it is the desire to take up, first, the conference report on the housing bill.

Mr. KNOWLAND. Very well, if that is agreeable to the minority.

Mr. MANSFIELD. Mr. President, I wish to thank the Senator from California for his courtesy in this matter.

The PRESIDING OFFICER. Let the RECORD show that the Senator from Wisconsin has yielded for this colloquy.

MUTUAL SECURITY ACT OF 1954

The Senate resumed the consideration of the bill (H. R. 9678) to promote the security and foreign policy of the United States by furnishing assistance to friendly nations, and for other purposes.

Mr. WILEY. Mr. President, late last month, the President of the United States asked the Congress to authorize a mutual security program for this year in the amount of \$3.5 billion. In his message to the Congress, President Eisenhower emphasized that this pro-

gram is designed to develop close relations with friendly nations and to build, in concert with our allies, a common defense. He pointed out that a common defense system evolved in concert with our allies is far less expensive to our people and far more effective for the free world than a defense structure erected only on our soil, consisting only of our forces. He added that the amounts requested for the program are minuscule compared to the cost of global war which these programs help to prevent.

A striking example of how the Mutual Security Act helps us to obtain maximum collective security with the minimum expenditure of material and manpower is to be found in Turkey. There, as a result of United States assistance, some 20 divisions of splendid fighting quality are maintained in one of the most strategic locations in the world. Yet the human and economic cost to our Nation is but a minor fraction of that of maintaining comparable American units under arms.

The Committee on Foreign Relations held extensive hearings on the proposed legislation. The printed hearings are before the Senate. They are accompanied by the committee report, which should serve to answer many of the questions that Senators may have about the bill. It must be noted, however, that some matters have not been covered in detail in the report, because to make them public would breach the security interests of the Nation. The Foreign Relations Committee, however, has pursued in closed session with representatives of the executive departments the details of the President's program for next year.

Mr. President, during the committee's consideration of the mutual assistance bill, it was necessary for me to be away for some time attending to family matters in Wisconsin. I wish to express my appreciation to the members of the committee who carried on in my absence, and in particular to the Senator from New Jersey [Mr. SMITH], who ably presided over the committee during that time.

Also I want to pay a word of tribute to those who are in charge of this program—to Secretary of State Dulles; Under Secretary of State Bedell Smith; and Harold Stassen, the Administrator. In this turbulent period of world history we are, indeed, fortunate to have such loyal and able servants of the Republic in responsible positions.

And, Mr. President, what, basically, is the reason for the expenditures involved in this program? It is that aggressive communism poses a threat which is at once political, military, economic, psychological. The objective is "not peace, not war" but a ruthless use of both peaceful and warlike means to gain the single, undeviating objective of world Communist domination.

The military threat of Soviet communism is indicated by a few figures. In the West the major portion of 175 Russian divisions, reinforced by 70 satellite divisions, confront 47 NATO divisions. In the East this clear numerical advantage is further emphasized by a roughly

estimated 210 Communist divisions confronting but 55 divisions of the free world.

The Soviet economic threat is seen in the ceaseless efforts to misrepresent, subvert, and ultimately destroy a free society such as ours based upon free enterprise and free labor.

The psychological threat is evident in the blatant and phoney promise of a materialist heaven on earth to people impatient to achieve their legitimate aspirations.

Only the foolhardy or the blind can ignore the record. Since 1939 Soviet Russia and Communist China have absorbed all or portions of 11 formerly autonomous areas; have occupied by military conquest, and continue to occupy, portions of 4 states; and have reduced to satellite status by internal subversion and other methods 9 once independent governments. From the Soviet Russian base, constituting 16 percent of the land area and 8 percent of the world's population, the international Communist movement has extended its sway since 1939 until it now dominates 25 percent of the area and 32 percent of the population of the world.

Further direct or indirect expansion can well tip the world's power scales decisively in favor of the aggressor. It is this clear threat to our national survival, ever so much as our unfaltering devotion to the mutual betterment of mankind, that justifies this program. Our objective is simple and good—a freely cooperating, economically sound, securely defended free world, united in opposition to further aggression. The alternative of abandonment is unthinkable. It would jeopardize the very institutions and men, women, and children to whom we here stand responsible.

THIS BILL AND COMMUNISM

Mr. President, I know some members of the Committee on Foreign Relations are not enthusiastic about the continuation of foreign-aid programs. Some Senators will not vote for the program. And a good many American people have doubts as to the wisdom of drawing on our resources for mutual security.

Strangely enough, Mr. President, nearly every person who opposes this program also opposes communism. Yet this program, this very program we are acting on now, is probably the single most anti-Communist program we have before the Congress year after year.

Why, I ask, are we giving funds to the United Kingdom for building fighters for the Royal Air Force? It is because thousands of Americans are stationed at air bases in England. We maintain those air bases because if the Soviet should attack the United States over the Arctic, we would be in a position to retaliate instantaneously. It is the fact that we have these air bases in England and France and North Africa and Turkey—perhaps more than any other factor—that deters the Soviet Union from resorting to force to compel us to bow to Soviet communism.

Why, Mr. President, does this bill provide economic assistance to many nations of the world? Why? It is precisely because those nations are threat-

ened by communism, through penetration, and in other ways.

A technical cooperation mission in Iran, a development program in India, or Thailand, or Latin America, is a peaceful but effective way of fighting the threat of communism in those countries.

I wish, Mr. President, that we had only to worry about Communists within the United States. Mr. J. Edgar Hoover has said that there are about 25,000 Communists in this country. President Eisenhower and the administration have been working day and night to get them out of every sensitive place in this Nation.

Even one Communist in the United States is too many for me. But the fact is that there are a lot more Communists abroad. Those Communists are armed. They have atomic and hydrogen weapons. They are capable of raining destruction on our great cities and people.

While it is true that we face a Communist threat from within, it is also true that we have within our control the means of combatting communism here. We have the FBI, the Department of Justice, State laws, and police forces, and the common sense of the American people.

The great question we face in foreign policy is how to combat communism abroad—how to help keep presently free nations from succumbing to international communism. How do we do this without sending American boys abroad? These are the tough questions which we must try to answer in formulating a strong foreign policy. These are the questions this foreign mutual aid bill helps to answer.

President Eisenhower said: "We did not choose the gigantic struggle now endangering the world." He added that "during periods when the contest is hardest, we must not falter, we must not abandon programs of positive action. Instead, at such a time, we must intensify sensible and positive action."

Those are the words of the President of the United States: "We must intensify sensible and positive action."

Mr. President, let us take a look at the bill reported by the committee. H. R. 9678 was passed by the House of Representatives on June 30, with bipartisan support, by a vote of 260 to 126. This House-passed bill was considered by the Foreign Relations Committee. The amendments which the committee proposes are described in the committee report. Instead of discussing those amendments, I wish to present the broad outlines of the bill before us.

A CODIFICATION

The bill before the Senate today is a codification of 11 existing mutual-aid statutes. It repeals 14 pieces of legislation extending in time from the Greek-Turkish program of 1947 through the Mutual Security Act of last year. The new bill, some 90 pages in length, consists, for the most part, therefore, of provisions that have heretofore been approved by the Congress and have worked satisfactorily over the years.

It is important to understand that the bill contains these provisions which

have been approved heretofore and have worked satisfactorily over the years.

The committee's purpose in approving this approach to the foreign-aid program is to put within one document all of the mutual-aid legislation by which Congress gives guidance to the Executive in the conduct of foreign policy.

The bill before us is arranged in five titles. These titles are as follows:

TITLE I, MUTUAL-DEFENSE ASSISTANCE

Title I authorizes the appropriation of \$2.8 billion for mutual-defense assistance in Europe, the Far East, the Near East and Asia, and Latin America. A large part of these funds will be used to finance the purchase of military equipment—tanks, guns, ammunition, and so forth—to enable free-world nations to build up their military defenses against the present threat of Communist aggression.

The title of the bill makes it clear that the equipment furnished shall be made available solely to maintain the internal security and legitimate self-defense of the recipient nation, or to permit it to participate in the defense of its area or in collective-security arrangements and measures consistent within the charter of the United Nations. The bill requires that no military assistance be furnished unless recipient nations have agreed to a series of conditions including continuous observation and review by United States representatives of programs of assistance.

Title I contains some funds that might be called economic-type assistance. This is not economic assistance, however, in the sense that it assists nations to rebuild war devastation or to develop economic strength. Rather, this assistance is for such countries as Spain, Yugoslavia, and Formosa. These nations would not be able to maintain defense forces of the size we jointly need without external assistance. Assistance of this type, called "direct forces support" and "defense support," is to enable the economies of these countries to support a higher level of defense expenditure than they would otherwise be able to maintain.

TITLE II, DEVELOPMENT ASSISTANCE

Title II authorizes the appropriation of \$200 million to promote "economic development" in the Near East, Africa, South Asia, and Latin America. The purpose of these programs is to assist in promoting economic development in selected areas in order to help create or maintain economic or political stability.

When one examines the facts of economic life, the importance to our national interest of carefully regulated developmental assistance is readily apparent.

The lower 67 percent of the world's population produces but 15 percent of the world's income. Most of this same two-thirds of the world's population—encompassing large segments of the Latin, Arab, African, and Asian peoples—is at this very moment subject to chronic malnutrition.

Many of these peoples, despite their very best efforts, simply do not now have the investment funds, the capital facilities, or the production techniques to

raise their material standard of living at an acceptable rate. The hungry and hopeless are more likely to be lured by the myth of a Communist "society of plenty." To these same downtrodden, the lie of "Western exploitation" and of "capitalist imperialism" offers a rationalization for their present status.

If the United States is to still for once and for all the negative Communist lie with positive cooperative action, and is to establish the basis for mutual prosperity, it must follow the old American principle of "helping neighbors help themselves."

The harsh fact is that in certain countries of this world democracy is on trial. In India, for example, where newly independent people have self-government for the first time, the common man measures the performance of his government in giving him a better life against the promises that the Communists so glibly make. If Mr. Nehru cannot show the people of his nation that poverty and hunger can be alleviated by democratic methods and in cooperation with democratic nations like the United States, there is a strong possibility that his people will be moved to trade their existing freedom for Communist promises of plenty.

There are similar situations in other countries of the Near East. Even in Latin America we have recently seen in Guatemala how it is possible for Communist dictatorship to fasten itself like a leech on an impoverished land and people.

It is not America's responsibility to seek prosperity for the earth. That can only be done by people on the land operating under free government. But we can help generate programs which, once underway, have a habit of gaining momentum until the people themselves grasp the opportunity for their own self-help. Precisely that kind of operation has taken place in much of Latin America where we have supplied limited amounts of technical and economic assistance.

While it is our desire to get away from economic assistance programs as quickly as possible, for our own good and for the good of recipient nations, we must recognize the fact, as did the President, "that in strategically located underdeveloped areas of the world, some grant assistance must be continued for an additional period of time."

TITLE III, TECHNICAL COOPERATION

Closely related to funds authorized for economic development in title II, is the authorization in title III of \$131 million for technical cooperation—the so-called point 4 program. Technical cooperation programs are those which involve the sharing of technical knowledge and skills, as distinct from providing supplies, commodities, or funds under the developmental type of assistance. In other words, development assistance programs are principally concerned with transferring commodities and materials to limited numbers of countries in special situations. Technical cooperation programs, on the other hand, are concerned with training individuals and

transferring knowledge and know-how, as distinct from material things.

Development assistance programs are often closely related to technical assistance since it is frequently wise to supplement training and know-how with some material things upon which the newly trained people can operate. Thus, it may not be enough to show 50 Indian engineers how to sink tube wells if India does not have the economic ability to buy the necessary pipe and pumps to put the wells into operation. President Eisenhower in his message recommending the enactment of this legislation pointed out that technical cooperation programs, and I quote, "should provide experts and know-how rather than large amounts of funds or goods, although they should not be allowed to fall due to lack of necessary teaching and demonstration equipment."

TITLE IV, OTHER PROGRAMS

Title IV of the new bill is a catchall for mutual-assistance programs of a more limited type than those covered above. This title authorizes the appropriation of a total of \$98 million. It includes such programs as the United Nations Children's Fund, the Palestine refugee program, assistance for the movement of European refugees, our contribution to the North Atlantic Treaty Organization, and similar programs. Those programs are described in the committee report, and I shall not detain the Senate in describing their benefits now.

In this connection, however, I cannot resist saying just a word about the Children's Fund. Personally, I do not know of any money we spend abroad which brings us greater returns in terms of good will, and in terms of helping the young people of this world who hold its future in their hands.

TITLE V, MISCELLANEOUS PROVISIONS

The last title of the pending bill covers a variety of general provisions relating to the operation of the program. It provides for the limited transferability of funds from one title to another to meet emergency conditions, the use of foreign currencies, the encouragement of small business, the use of funds for the purchase of agricultural commodities in surplus, the coordination of the military assistance program with foreign policy, the continuation of the Foreign Operations Administration, the detail of personnel to foreign governments and international organizations, and similar matters—most of which have been included in programs heretofore authorized by Congress. This title also lists the statutes which are repealed as the result of this codification.

Mr. President, so much for the provisions of this bill.

Before concluding my remarks, however, I should like to invite the attention of my colleagues to a few of the more important aspects of the bill.

REDUCED PROGRAMS

This bill takes us a long way toward the reduction of foreign-aid programs to manageable proportions—manageable from the point of view of the American economy. Let me illustrate.

In 1952 the program was \$6 billion. In 1953 we had a program of \$4.7 billion. This year the sum requested is \$3.5 billion and the sum the committee has authorized is \$3.1 billion. This is a reduction of over 40 percent in the program in 2 years. We are getting away from the idea of spend, spend, spend. Instead, our philosophy is one of save, save, save. We must continue to move in this direction as fast as we can consistent with the safety of this Nation.

The President is to be highly commended for coming to Congress this year with a program of foreign aid that is so much lower than it has been in the past. I am confident that the President with his vast experience in military and foreign policy matters would not recommend a program not consistent with the safety of this Nation.

The President stated flatly in his message supporting the proposed legislation:

We have chosen to build defenses with our allies rather than go it alone, because we are convinced that this course is more effective and less costly.

More than 90 percent of the world's population and land area, and more than 50 percent of its wealth, exist beyond the boundaries of the United States. The decisive margin of world power hence resides beyond our sovereign control. This power is subject neither to our fiat nor legislative enactment.

The success of our foreign policy, and the degree of our national security, will in large measure depend upon mutual security endeavors to achieve the strength and well-being of the free world.

EXECUTIVE DISCRETION

One of the characteristics of the bill before us is the discretion that is given the President in the management of the program. I know that some of my colleagues may object to this.

I cannot agree with them. It seems to me that the Committee on Foreign Relations has taken wise action in giving the President substantial leeway in the administration of funds. He has authority to transfer not to exceed 15 percent of the military assistance funds from one area to another. We have given him wide discretion in the handling of funds authorized for use in southeast Asia and the Pacific. We have given him special funds for use in unexpected contingencies.

No fight manager would send his man into the ring with one hand tied behind his back, with the admonition that if it should turn out that he needs both hands the manager would free the tied hand at the end of the round. We know what would happen. The hamstrung fighter would be carried back to his corner.

We cannot take that chance in the world of today. The chances are too great, the consequences too devastating to contemplate. I urge my colleagues, therefore, to support this element of executive flexibility written into the legislation. The flexibility we have given the President is good for 1 year

only. Then the President's stewardship must be justified before new foreign-aid programs are acted upon. Reasonable flexibility in this world on a year-to-year basis does not seem to me to be nearly as dangerous as an attempt by Congress to tie the Chief Executive hand and foot.

AID FOR SOUTHEAST ASIA AND THE PACIFIC

Mr. President, today were were privileged to hear a dynamic speech by the President of Korea. What he said was certainly challenging. He is a great patriot. We knew him before he went into battle for freedom for Korea. We are glad to welcome him to this country, as a great Korean and, as he suggested, one who believes in, and is filled with, the American ideals. But, Mr. President, above all else, he gave us a picture of the Far East which I am sure will confirm the action taken by the Foreign Relations Committee in relation to aid to southeast Asia.

Mr. President, closely related to the provision in the pending bill giving the President considerable discretion in transferring funds from one area to another, is the provision making \$712 million available for expenses that may be necessary to prevent further Communist encroachment on the free nations of southeast Asia and the Pacific.

Recent Communist successes in Indochina have brought home to this Nation and to the free nations of Asia the fact that the Communists will spare no opportunity to extend the Iron Curtain. Communist China, with its huge reservoir of manpower, poses a constant threat to freedom in south Asia.

It is absolutely necessary that the President have the freedom to respond to Communist penetration in that area, in ways suitable to the occasion. We cannot see into the mind of the Communist intriguers to know how or when or where they may move next. We know but one thing—that they will move when and where and in any way they believe will suit their interests. We must be able to respond in any way that best suits American interests and the interests of the free world.

I have long urged the negotiation of a Pacific Pact modeled somewhat along the lines of the North Atlantic Treaty. Many of the free states of southeast Asia and the Pacific have from time to time endorsed an agreement which would make it possible for the free states to stand together to resist aggression. In fact, the Mutual Defense Assistance Act of 1949 expressed the sense of the Congress that "the free countries and the free peoples of the Far East" should join together "to protect their security and independence." That expression is reaffirmed in the pending bill.

AID FOR EUROPE

Mr. President, the bulk of the funds authorized by this bill for Europe are for military assistance. But our programs of military assistance for Europe are on the way down. The biggest part of the rearmament job in Western Europe is on the point of accomplishment. The delivery pipelines are well filled with goods ordered 2 and 3 years

ago. Only one country is scheduled to receive more military assistance next year than last year. The assistance to all other European countries is down drastically on the military side and is virtually nonexistent on the economic side.

This does not mean that we or our NATO allies can assume that Western Europe is now able to defend itself from all-out attack. But it is moving steadily in that direction. It can be said even now, that under the able leadership of Generals Eisenhower, Ridgway, and Gruenther, the North Atlantic Treaty Organization has been able to put Europe on its military defensive feet. Certainly as of this time Western Europe is strong enough to deter a Soviet attack. It is no longer a tender tidbit for the Soviet military machine.

THE EDC

From here on out the future of the European defensive effort must depend largely upon the Europeans themselves. If European defenses are to become truly effective, it is essential that steps be taken to enable the West German people to contribute to that defense. The United States stands ready to help Western Germany put itself into a tenable defensive position. But we wait upon the French. We have been waiting for the French now for nearly 3 years—waiting for them to approve the treaty establishing the European Defense Community—a treaty proposed by the French themselves.

Yesterday, the Foreign Relations Committee adopted a resolution for Senate action. I ask unanimous consent that the text of the resolution be printed at this point in the RECORD.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

Whereas a Convention on Relations between the United States of America, the United Kingdom of Great Britain and Northern Ireland, and the French Republic, therein referred to as the Three Powers, and the Federal Republic of Germany, was signed on May 26, 1952, with a view to restoring sovereignty to the Federal Republic of Germany; and

Whereas the Senate of the United States gave its advice and consent to ratification of said convention on July 1, 1952; and

Whereas, nevertheless, it has not proved practical as yet to bring the convention into force in accordance with its provisions: Now, therefore, be it

Resolved, That it is the sense of the Senate that the President, if he judges that future developments make this desirable and in the national interest, should take such steps as he deems appropriate and as are consistent with United States constitutional processes to restore sovereignty to Germany and to enable her to contribute to the maintenance of international peace and security.

Mr. WILEY. I read the vital words in the resolution:

Resolved, That it is the sense of the Senate that the President, if he judges that future developments make this desirable and in the national interest, should take such steps as he deems appropriate and as are consistent with the United States constitutional processes to restore sovereignty to Germany and to enable her to contribute to

the maintenance of international peace and security.

I repeat what I said. The United States stands ready to help Western Germany put itself into a tenable defensive position.

RICHARDS AMENDMENT

Included in the pending measure is the so-called Richards amendment. It makes clear that the United States cannot afford to put military assistance dollars into countries of Western Europe that are not willing cooperatively to build their own defenses. French and Italian delay in approving the EDC has meant that German power for defense could not be developed. The Richards amendment states that equipment and materials programed for fiscal years 1954 and 1955 for Western Europe may be delivered only to countries that have ratified the EDC and are cooperating in collective defense programs approved by the President. This provision is not meant as a threat—either to France or to Italy—the two countries that have not ratified EDC. It is rather a simple statement of profound truth, namely, that it is not in the interests of the American people to continue to give military assistance to nations for collective defense purposes unless the nations receiving that assistance are willing to join with other nations in building those joint defenses.

The people of Germany by their warm support of Chancellor Adenauer and of the European Defense Community have indicated their willingness to join with other free nations in defense measures. They are willing to make their fair contribution to those defenses. They cannot do so within the framework of a collective effort without the cooperation of France and Italy. The Richards amendment recognizes that simple fact. It recognizes that our defense requires that Western Germany be made a full partner with other nations which seek to preserve the values of freedom and liberty from the onslaughts of communism.

FARM SURPLUSES

There is one provision of this bill that will be of particular interest to the farmers of this Nation. Section 402 of the bill provides that not less than \$350 million of the funds appropriated must be used for the purchase of surplus agricultural products. To illustrate how this program works, let us take a look at an arrangement that was made early in July between the United States and the United Kingdom.

An agreement was concluded for the purchase of \$6 million worth of surplus butter. The dollars stayed in the United States where they helped relieve our butter surplus. The butter will be shipped to England. There it will be sold to English consumers. The English currency which the British consumers will use to buy the butter will then be available for purchasing military assistance items in England. It could be used, for example, to purchase fighter planes for the Royal Air Force—fighter planes that would be available to help defend American airbases in England in the event of attack.

As of the present time, more than \$200 million of the mutual-assistance funds appropriated last year have been used to finance the purchase of agricultural surpluses in the United States. More will be used for that purpose next year. This program has a triple effect. It helps us at home, it helps build military defense, it helps our foreign friends to get agricultural commodities they badly need.

THE IMPACT OF FOREIGN AID ON OUR DOMESTIC ECONOMY

Often in the course of debate there is a great deal of misinformation and lack of information about the effect upon our economy of what this program suggests. Let us look at the impact of foreign aid on our domestic economy.

After World War I we had a serious depression. Men lost their jobs, banks closed, real-estate values fell, and millions of Americans suffered. We spent billions of dollars in the process of recovering from that depression. We went through the grist mill. In many foreign countries during this same period communism made tremendous inroads, feeding on the poverty and grief of breadlines.

I remember very well that the President of the United States and some of the leading economists of this country stated, in 1945, that we were about to suffer another severe depression. We read all about it in the newspapers and magazines. Those who said it used the precedent of what happened after the First World War as a basis for what we were to experience following World War II.

But we know that since the Second World War there has been no depression. Why? The United States stepped into the breach. We put our shoulders to the wheel in a successful attempt to rescue devastated free countries from the economic chaos following the end of the war.

Every dollar the United States put into Europe made its impact upon our own productive capacity. When our farmers spent the money they received for their products demands were made upon the production of the United States for the things the farmers needed. Laboring men were provided with jobs. A depression did not come.

The 80th Congress, with Democratic and Republican cooperation, approved the Marshall plan. Since the war the American people have given some \$34 billion of military and economic aid to our friends.

We have built them up as we have built ourselves up. The great law of helping our brother in need was put into operation.

Mr. President, many Americans feel that this aid was cast abroad, never to be seen again. But every dollar that went abroad came back home, to create a demand upon our economy, upon our production plants, upon what we had to sell. Some persons have spoken as if the money had been poured down a rat-hole. I have heard that expression used on the floor. No; the money is here.

Strangely enough, Mr. President, the United States in giving this economic

and military aid has brought into operation a divine law: "It is more blessed to give than to receive." In giving this assistance what has really happened is that we have given much of the rest of the world credits with which to buy products in the United States. A collateral effect of this aid—an effect which we did not expect or seek—has come to us. Let me explain briefly what has happened.

Virtually every dollar of the \$34 billion we have appropriated has been spent in the United States during these years. It is this money which has been used to buy farm products in this great country of ours. It is these dollars that have kept men at work in Detroit, Los Angeles, Milwaukee, Birmingham, Hartford, and Minneapolis. It is these dollars that have helped keep our economy running at top speed.

I am not an advocate of the proposition that the more the Federal Government spends, the better off we are. But I do ask that we take a good close look at what happens to American dollars appropriated for foreign aid.

Let us take a hypothetical case. Suppose we appropriate \$1 million for the purchase of F-84 jet aircraft for Turkey. What happens to the money? It stays right here in the United States. The planes are built in the United States. Small companies all over the Nation supply parts and materials for the planes. They pay salaries to American workers who buy food from the American farmers. When the planes are finally delivered they are paid for with the dollars we have appropriated for foreign aid.

What have we gotten for those dollars? First, we have had American men and women at work. Second, we have had them able to earn money they could spend in the United States. Third, we have kept a vital defense industry in operation in the United States—and bear in mind that in war it is not the planes in being that are important in the long run. What is important is the capacity to produce planes. Fourth, we have put good American aircraft into the hands of a friendly, stalwart, anti-Communist nation that borders on southern Russia. Fifth, we have built confidence into the Turkish people, a confidence which enables them to move forward, to develop their own strength, and in turn to buy, on their own, the products of the American people.

Mr. President, the \$34 billion investment of the American taxpayer in mutual assistance has not been money down a rathole with no return. The returns have been great in material as well as in spiritual things. And what we have purchased in the way of defense against the Communist threat simply cannot be measured in financial terms.

The ultimate logic and necessity of our mutual-security program stands forth from the recent world estimate advanced by Burton C. Marshall, a former policy planner and present keen analyst of foreign affairs when he writes:

Strength and determination in the world outside present a constant challenge to the

foundations of power within the Soviet system. Firm and united in the will to stay clear of Soviet domination and to resist Soviet expansion, the nations outside that system give the hope of a better day and keep alive courage among many millions in thrall to communism.

Just as the Soviet Union is the well-spring of the coercive forces binding its system, so is the United States in a central and determining position on the side of its interests. No combination of nations adequate to deal with the factors of fear engendered by the Soviet system is conceivable without the participation and fostering interest of the United States. Surely the coalitions on our side would disintegrate if we should fall short of that responsibility through internal contradictions, want of insight, failure of will, failure to take adequate measure of our tasks, or failure to abide by Washington's still valid advice to maintain a respectable posture for defense.

Let us then not succumb to the appeal of false economy, nor to the counsel of fear and withdrawal advanced by those of narrow vision and little faith.

In order to show in a specific case how important our export trade is to the total economy of a State, I have asked the Library of Congress to give me an objective analysis of the impact of foreign assistance on Wisconsin. I ask unanimous consent to have the report printed at this point in my remarks.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

[Values in thousands of dollars]

Manufacturing industries	Wisconsin, 1947			United States exports value ¹	
	Number of employees	Wages and salaries	Value added by manufacture	1947	1949
Electrical machinery.....	28,128	\$77,500	\$138,771	\$480,277	\$405,854
Motor vehicles and equipment.....	25,464	76,173	147,706	1,122,775	727,555
Tractors and farm machinery.....	19,588	58,344	97,367	314,441	418,952
Engines and turbines.....	17,901	54,172	78,279	131,214	108,635
Iron and steel and nonferrous foundries.....	15,902	50,166	74,722	² 15,683	² 18,323
Dairy products.....	12,722	30,408	91,202	267,901	174,444
Heating and plumbing equipment.....	12,660	40,205	76,047	46,271	26,472
Furniture and fixtures.....	12,615	34,097	55,584	27,580	20,429
Construction and mining machinery.....	12,533	(³)	(³)	313,053	301,701
Canning, preserving, and freezing.....	10,564	19,267	41,303	⁴ 128,029	⁴ 73,785
Malt and malt liquors.....	10,470	36,374	146,432	⁵ 29,322	14,388
Metal-working machinery.....	10,450	34,161	54,822	205,016	199,951
Total.....	189,017	⁶ 510,867	⁶ 1,002,235	3,081,562	2,490,489

¹ Export values are free alongside ship port of export: The usual commodity export groups have been adjusted to conform with industry classifications as nearly as possible.

² Data here shown under State total exports; products of this industry enter export trade principally as components of or parts for machinery and are included in export data for the machinery industries.

³ Not available.

⁴ Excludes dehydrated fruits and vegetables; no establishments were reported for this industry in Wisconsin.

⁵ The value of the malt produced in Wisconsin amounted to 49.2 percent of the total United States production, and the value of the malt liquors produced amounted to 13.8 percent of the total United States production.

⁶ Excludes construction and mining machinery.

Sources: U. S. Department of Commerce. Bureau of the Census. (a) Census of Manufactures, 1947. (b) Summary of Foreign Commerce of the United States, 1947, with amendments and civilian supplies. (c) Summary of Foreign Commerce of the United States, 1947. Prepared in the U. S. Department of Commerce, by the International Economic Analysis Division, Office of International Trade and quoted in U. S. Department of State. Wisconsin and Foreign Trade, 1951, p. 2.

In addition to the industries listed in the above table, there are many other industries in Wisconsin which are on an export basis nationally, and which make major contributions to the economic life of the State. These industries include leather footwear, converted paper products, apparel and related products, metal stamping and coating, knitting mills, structural metal products, and other similar industries.

In 1947, these industries provided employment for about 80,300 Wisconsin workers,

SOME EFFECTS OF ASSISTANCE TO FOREIGN COUNTRIES

Foreign assistance not only helps foreign countries to develop their economies, but it also aids the agriculture and industry of our country. The value of agricultural exports, for example, is equal to about one-eighth of total cash farm income. The volume of agricultural exports is equivalent to the production of 40 million acres or about one-tenth of our total cropland.

Our merchandise exports constitute about 7 to 9 percent of our total production of movable goods or about 3.5 percent of total nonagricultural production. About 2 million industrial workers are employed in the production and handling of goods for export. Changes in our exports or export surplus rarely have a decisive influence on the level of our economic activity.

To Wisconsin foreign aid is extremely important. We are becoming less dependent on European countries as a market for agricultural exports, it is true, but even in 1952-53 about 40 percent of our agricultural exports went to Western Europe. Dairy products, in which Wisconsin is the leading State, declined in 1952-53. Lower cost producers abroad made it increasingly difficult for our producers to compete for markets. Exports of evaporated milk, to cite one example, declined from 138 million to 110 million pounds. This was a total of 3.4 percent of total production.

There are no statistics available which give exact figures covering exports of goods produced in Wisconsin. There is, however, impressive factual evidence that exports play an important part in the industrial and agricultural prosperity of the State.

Following are the most important Wisconsin industries and United States exports:

who earned nearly \$197 million. It is estimated that Wisconsin probably has shared in the export trade to the extent of about \$30 million annually.

Many commodities produced in Wisconsin are used in the manufacture of export goods. Such work provides for the employment of several thousand workers in the State.

Low costs, in most Wisconsin export industries, make it possible to pay higher wages and still to compete with foreign manufacturers.

Wisconsin is the leading State in the production of dairy products. It is also an outstanding producer of such other agricultural products as hogs, corn, oats, eggs, vege-

tables, chickens, barley, and berries. The following table portrays the principal Wisconsin agricultural products important in United States export trade:

[Values in thousands of dollars]

Agricultural commodities	Wisconsin production			United States exports	
	Number of farms, ¹ 1944	1948	1949	1948	1949
Total number of farms.....	177,745				
Dairy products.....	159,463	\$599,072	\$467,917	\$210,377	\$174,444
Hogs.....	² 118,260	156,331	³ 126,500	91,530	³ 117,187
Corn.....	144,981	147,200	154,462	63,095	220,902
Oats.....	⁴ 139,017	93,400	80,322	27,751	25,014
Eggs.....	143,649	92,981	87,927	45,870	26,308
Vegetables other than potatoes ⁵	(⁶)	38,662	41,063	92,861	76,423
Chickens.....	(⁶)	21,529	21,999	5,311	6,136
Barley.....	20,370	11,100	8,118	50,989	49,771
Berries.....	(⁶)	4,660	4,053	288	464
Total.....		1,164,935	992,361	588,072	696,649

¹ Farms reporting production of commodity.

² Farms reporting hogs and pigs butchered.

³ Mainly lard.

⁴ Farms reporting grain threshed.

⁵ Potatoes are on a net import basis in United States foreign trade.

⁶ Data not available.

NOTE.—Basis of values in this table are as follows: Crop production, estimated farm value, total quantity produced multiplied by average unit price received; vegetable and berry production, cash receipts; livestock production, cash income from sales plus value of household consumption. Exports, f. a. s. port of shipment; export and import figures for individual items cover processed commodities as well as unprocessed forms and include values added by manufacture. Imports (according to Tariff Act) in general, f. a. s. foreign port of shipment.

Sources: U. S. Department of Commerce, Bureau of Census. (a) U. S. Census of Agriculture, 1945. (b) Foreign Trade Statistics, 1948 and 1949. (c) U. S. Department of Agriculture, Bureau of Agricultural Economics. Prepared in the U. S. Department of Commerce by the International Economic Analysis Division, Office of International Trade and quoted in U. S. Department of State, Wisconsin and Foreign Trade, Washington, 1951, p. 4.

It has been estimated that exports of the commodities listed in the above table produced in Wisconsin were valued at about 35 million dollars in 1949. This estimate may understate Wisconsin's part because dairy products bulked large in the total, and Wisconsin produces a large portion of the national production of the type of dairy products which were exported. It is difficult to assess the part Wisconsin has played in the export of vegetables. Exports of such volume as those listed in the above table had a direct effect in 1949 and continue to have a direct effect because they tend to maintain domestic prices and to lessen competition in local markets.

In assessing the effects of foreign aid on the State of Wisconsin, most attention has been given to exports which might affect our industries and our agriculture. It is necessary to Wisconsin that foreign markets be maintained. True, the part of Wisconsin production that goes into exports seems relatively small, but for many of our industries, exports spell the difference between profit and failure.

Again for illustrative purposes, the Foreign Operations Administration was asked to provide figures on purchases from certain Wisconsin firms during the years the aid program has been under way. Similar figures would be available for other States.

More than \$110 million of foreign aid money has been spent in Wisconsin for products which have then been sent overseas. This figure does not cover the agricultural products purchased with these aid dollars. It will be noted, however, that the Library of Congress study which I have put in the record indicates that Wisconsin exports of farm products in 1949 were \$35 million, which means that in the vicinity of \$175 million of farm products have been exported from Wisconsin alone over the 5-year period covered by the industrial figures. We may be sure that these farm export figures would have been virtually nonexistent had there been no aid program making dollars available to foreign countries for purchases in the United States.

Thus, taking the State of Wisconsin as an example, over the past 5 years not less

than \$285 million of the foreign aid dollars appropriated pursuant to this type of legislation have found their way back into the economy of Wisconsin.

The following table prepared by FOA shows payments made by ECA, MSA, and FOA to certain companies in Wisconsin during the period from 1949 to 1954:

Payments made by ECA, MSA, and FOA to companies in Wisconsin, April 1949 to April 30, 1954—Partial examples of money spent for Wisconsin firms directly

Allis-Chalmers (farm equipment).....	\$36,859,566
Allis-Chalmers (erection service contract).....	24,600
Massey Harris Co.....	36,349,389
Bucyres-Erie Co.....	7,735,791
Harnischfeger Corp.....	5,474,285
Nordberg Manufacturing Co.....	2,803,441
Koehring Co.....	2,435,538
Kearney & Treker Corp.....	3,337,973
Harley-Davidson Motor Co.....	1,031,490
J. I. Case Co.....	10,152,581
University of Wisconsin.....	942,000
Trakson Co.....	519,303
Waukesha Motor Co.....	457,945
Chain Belt Co.....	1,160,381
Allen Bradley Co.....	50,230
Fred Rueping Leather Co.....	56,674
Snap-On Tools Co.....	178,892
Pfister and Vogel.....	29,640
Artos Engineering Co.....	220,364
Nash Motors.....	288,397
Wisconsin Motor Corp.....	374,237
LeRoi Co.....	512,404
Total.....	110,995,121

NOTE.—Agricultural products are loaded in New York and sold through brokers or through commodity exchanges. While many orders originate in Wisconsin, there is no way to determine the farmers who sold the commodities.

Mr. WILEY. Mr. President, let me select from the report a few of the salient features.

Foreign aid is extremely important to Wisconsin as it is to every other State.

I have here some examples, which are quite significant, of procurement of foreign aid from April, 1949, to April 30, 1954. The examples show payments to Wisconsin firms directly amounting to \$110,995,121.

Agricultural products, of course, are loaded in New York and are sold through brokers or through commodity exchanges. While many orders originate in Wisconsin, there is no way to determine the farmers who sold the commodities.

But in connection with industrial products, for example, Allis-Chalmers, during that period, had contracts for farm equipment totaling \$36,859,566. Allis-Chalmers also had an erection service contract in the amount of \$24,600.

Harnischfeger Corp. had contracts totaling \$5,474,285.

Bucyres-Erie Co. had contracts totaling \$7,735,791.

J. I. Case Co. had contracts totaling \$10,152,581.

The University of Wisconsin received \$942,000.

I could continue to name a large number of other companies; I have given only a partial list. This shows that during the years from 1949 to 1954, the impact of foreign aid on the economy of my own State of Wisconsin created a demand for more than \$110 million worth of manufactured products.

Mr. President, that means creative work. But we cannot measure the significance of this by simply thinking of the jobs it has created in this country, the healthy economy it sustained in the United States. The primary basis of mutual aid is to meet the threat of Communist aggression, and it is doing that.

Mr. President, our payments have resulted directly in building up our allies. I remember that I was speaking some years ago in Flint, Mich., and I recall someone in the audience, after I submitted myself to questions, asked, "Senator, is it true that these foreign peoples are not doing as much as they should to rebuild their economy, and so forth?" I said, "Before I answer that question, I want to ask you one. Suppose that 6 years ago Flint found that 2 out of 5 of its inhabitants were either killed or wounded, that 2 out of 5 of its homes were ruined, that its production plants were gone, that it had been bombed and damaged, and the hinterland damaged. Now I ask you, what would have been the condition of Flint 6 years afterward? Before you answer that question, what would be the morale of your people if you had lost your loved ones, if your home was gone, and your business gone? What would be your morale, to say nothing of how you would have rebuilt Flint?"

This was a very honest man. He said, "Thank you, Senator. I never looked at it that way." I said, "Now I will answer your question. I have been to Europe a number of times. The first time I went I saw a disheartened and saddened people almost everywhere; the bombing and the war and the devastation and the death had simply depleted what we call the morale of the people."

"I went back 3 years after that first visit and I saw what the great people of Europe, including Germany, were doing. I saw them building their devastated cities. I saw them expressing gratitude because the American soldier was there. The general overall picture was that by the time the rearmament effort became necessary, production in Europe had increased to a point 130 percent over prewar production, morale had increased to such an extent that there were smiles on the faces of the people, and in most of the countries the people were able to be reconstructing their buildings."

This man again said to me, "I thank you, Senator. I had not looked at it that way, and I realize you have to look the facts in the face before you reach a conclusion."

I said, "Yes, there are some in Europe who may appear to be giving up, some countries with populations with inferior standards of life, which create a situation which might be very dangerous with the Communist waiting to come in. But we have not had the third world war. And in addition, we have avoided the depression which it was said would come upon us."

THE IMPACT OF CHALLENGE ON THE UNITED STATES

Mr. President, before concluding my remarks I must make one more point. It is this: America thrives on challenge.

In 1938 the gross national product of this Nation was \$84 billion. Today the gross national product is \$367 billion. We quadrupled our national income in 16 years. And yet these were the years when the American people faced their greatest challenges. These were the years when we armed Europe and ourselves and fought a war. These were the years when the challenge of survival meant that every American had to put his shoulder to the wheel. In the years since the war we have been faced by the challenge of communism.

A quick look at the history of this Nation reveals that democracy thrives on challenge. First it was the challenge of the wilderness and the frontier, then the challenge of industrial production, then the challenge of war, and now the challenge of communism. It is these challenges that bring forth the greatness of our people and our system.

In stark contrast to the way in which democracy thrives on challenge, communism thrives on misery and poverty. This fact is gradually coming home to the free people of this world. This bill will help them realize that the democratic way of life offers them the best hope for a full and free future. That fact is evident.

I remember well what Adenauer said when he was here. I understand he may be in America again this fall, and all America will welcome him. He is one of the great men of this age and generation, one of the great, sane thinkers, and one of the great patriots. I remember him saying, "Senator, if the people of East Germany had a chance to vote, they would vote 95 percent to join with the West."

I said, "Do you want to tell me why?" He said, "It is very simple. They have

observed what the conquerors are doing in West Germany, and they have East Germany in contrast." In other words, the people in the Eastern Zone who were subjugated by the Russians are living in practical slavery. They see in the Western Zone that America is helping people to reconstruct, so that the people live in prosperity, in freedom, because we have in a large measure restored the sovereignty of Western Germany.

The challenge which the Communist threat poses to America offers this Nation an opportunity to gather its strength and put it to the job, not only on behalf of America, but on behalf of freedom in the world.

Mr. President, I do not enjoy year after year appearing before the Senate presenting and supporting foreign-aid bills that run into billions of dollars. I do not enjoy reaching into the taxpayer's pocket for foreign-aid dollars any more than I enjoy reaching into my own pocket for the same purposes. But, Mr. President, I would rather go into this Nation's pocket to help us meet the challenge and prevent gradual Communist encroachment on the free world, than to stand idly aside—a disinterested spectator to the world struggle between communism and freedom. The time would surely come when we would have to match the United States, standing alone, against a world dominated by totalitarian communism.

I hope, Mr. President, that this Senate will give resounding bipartisan support to our great President. Let us help him stand strong and firm for the principles of freedom and liberty for which our forebears fought and died.

Certainly General Gruenther above most people understands the nature of this program. I might at this time say that General Gruenther stated as follows:

While I am here, sir, I want to say that we attach very great importance to the mutual security program. That part of it which pertains to our area is the part that we know best, but having some knowledge of the state of the world, we support the entire program enthusiastically not only for our area but for the rest of the world also, in other words, the bill as it is before you.

Mr. President, the committee added 2 sentences to the general policy declaration in section 101 reading as follows:

The Congress hereby reiterates its opposition to the seating in the United Nations of the Communist China regime as the representative of China. In the event of the seating of representatives of the Chinese Communist regime in the Security Council or General Assembly of the United Nations, the President is requested to inform the Congress insofar as is compatible with the requirements of national security, of the implications of this action upon the foreign policy of the United States and our foreign relationships, including that created by membership in the United Nations, together with any recommendations which he may have with respect to the matter.

As pointed out in the committee report, these sentences are largely self-explanatory. The first merely repeats the position which Congress has expressed before, most recently in the State-Justice-Commerce Appropriation Act earlier this year. The second in ef-

fect requests the President to lay before the Congress the problem which will arise if Communist Chinese representatives are seated in the United Nations Security Council or the General Assembly.

I myself personally have every reason to feel the Communist Chinese will not be successful now any more than they have been in the 70, 80, or 90 times before.

The amendment in no way commits the Congress or the United States to any specific course of action.

Mr. President, I have concluded my remarks. I hope we will not be delayed unduly in handling this bill. I sincerely hope so, because I feel that no votes will be changed. The Senators have made up their minds. The House, by about 2 to 1, passed the bill. I am satisfied that the Senate will pass the bill; so I trust it will be done quickly.

I hope the Senate can then complete the rest of the program and Senators can go on their way for a brief rest because we will be called back in January.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 8300) to revise the internal revenue laws of the United States.

The message also announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 9757) to amend the Atomic Energy Act of 1946, as amended, and for other purposes; asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. COLE of New York, Mr. HINSHAW, Mr. VAN ZANDT, Mr. DURHAM, and Mr. HOLIFIELD were appointed managers on the part of the House at the conference.

The message further announced that the House had agreed to a concurrent resolution (H. Con. Res. 263) relating to the enrollment of H. R. 8300, to revise the internal revenue laws of the United States, in which it requested the concurrence of the Senate.

HOUSING ACT OF 1954—CONFERENCE REPORT

Mr. CAPEHART. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 7839) to aid in the provision and improvement of housing, the elimination and prevention of slums, and the conservation and development of urban communities. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report. (For conference report see pp. 10356-10375 of House proceedings of CONGRESSIONAL RECORD, July 19, 1954.)

I am in thorough accord with the conference report, and I wanted the RECORD to show that, as was the case with the housing bill, the Senate conferees held out to the best of their ability.

Mr. BUSH. The Senator is correct, and I thank him for his observation.

In the main, S. 2846 relates to certain provisions of the Securities Act of 1933 and the Securities Exchange Act of 1934. Those statutes have effectively regulated the issuance and sale of securities and have substantially eliminated the evils which gave rise to the need for their enactment. The bill is designed to preserve to the investors the protection afforded by the basic disclosure provisions of those statutes and at the same time to eliminate those defects in those statutes which have been revealed during the past two decades. To this end, S. 2846 makes limited but important changes in certain acts administered by the Securities and Exchange Commission, which will reduce unnecessary delay, expense, and complexity in the marketing of securities to the public and will result in more efficient, effective, and realistic operations of those acts.

The Banking and Currency Committee has jurisdiction over the Securities and Exchange Commission and the laws it administers. Therefore, at the request of the Senator from Indiana [Mr. CAPEHART], and as chairman of the Subcommittee on Securities, Insurance, and Banking, I met during the adjournment of the Senate last fall with representatives of the SEC and the securities industry in a series of conferences. At these conferences very careful consideration was given to various proposals which had been submitted for amendment of the statutes administered by the Commission. The actual provisions of the bill, which was introduced by our able chairman, Senator CAPEHART, may fairly be said to have grown out of the long experience of those in Government responsible for the administration of these statutes and of those in the securities industry who are subject to them. With the exception of one provision, which I shall discuss in greater detail, there was no controversy over the provisions of the bill except insofar as some of the provisions do not go as far as some industry representatives advocated. The provisions of the bill may be briefly summarized as follows:

DISSEMINATING INFORMATION DURING WAITING PERIOD

In line with the basic purpose of the Securities Act of 1933—to provide investors with adequate information concerning securities publicly offered—the bill permits written offers during the waiting period by means of a prospectus filed with the Commission prior to its use. It would remove the difficult concept, inherent in present practice, that it is permissive—obligatory under SEC rules—for an underwriter during the waiting period to disseminate information but illegal to solicit offers. The amended act, however, continues to make unlawful sales, contracts to sell, and contracts of sale before the registration statement becomes effective.

USE OF PROSPECTUSES AFTER EFFECTIVE DATE OF REGISTRATION

The Securities Act of 1933 requires that any dealer must deliver a prospectus in the initial distribution of a security—regardless of how long the distribution takes. It further requires the delivery of a prospectus in trading transactions for 1 year after commencement of an offering. This latter provision is amended to reduce the 1-year period to 40 days after the effective date or the commencement of the public offering, whichever expires last. The 1-year period for trading transactions—as distinguished from actual distribution—has long been recognized as unrealistically long.

For certain types of investment companies which continuously offer securities the Investment Company Act of 1940 is amended so as to provide for mandatory use of prospectuses over a longer period.

SIMPLIFICATION OF INFORMATION REQUIREMENTS FOR PROSPECTUSES USED FOR MORE THAN 13 MONTHS

Prospectuses which are used more than 13 months after the effective date of the registration statement now require information more recent than the information in prospectuses used prior thereto. In order to equalize the requirements the act is amended to provide that where a prospectus is used more than 9 months after the effective date, the information contained therein shall be as of a date within 16 months of such use.

EXTENSION OF CREDIT BY DEALERS IN NEW ISSUES

The prohibition against extending credit to purchasers of a new issue by dealers for 6 months after the offering period is considered unnecessarily long. The amendment reduces the 6 months' period to 30 days.

WHEN-ISSUED TRADING

This is a technical amendment for the purpose of removing an ambiguity in the present law. This is accomplished by eliminating the last sentence of section 12 (d) of the Securities Exchange Act of 1934 which is unnecessary for the accomplishment of its stated purpose. The current regulations of the Commission plus the overall rulemaking authority now provided by section 12 (d), and retained by the bill, afford adequate means for dealing with future problems as to "when-issued" trading.

THE OFFERING OF INSTITUTIONAL TYPE OF DEBT SECURITIES

The Trust Indenture Act of 1939 seemingly requires inclusion in a prospectus of a summary of certain specified indenture provisions. Since the Commission can deal with disclosure problems through its rulemaking power, and since the substantive provisions required to be included in indentures qualified under the act would not be changed, this requirement is unnecessary. The amendment should facilitate the simplification of prospectuses.

SIMPLIFIED REGISTRATION PROCEDURES FOR INVESTMENT COMPANIES

Instead of, in effect, requiring investment companies, which engage in

continuous offerings of their shares, to file new registration statements under the Securities Act each year, the amendment would permit such companies to increase the number of their registered shares by amending their registration statements.

In addition to these matters, the bill, as passed by the Senate, contained a provision which would amend section 3 (b) of the Securities Act to increase from \$300,000 to \$500,000 the maximum amount of exemption from registration which may be provided by appropriate rules of the Commission. The House of Representatives deleted this provision from the bill as passed by the Senate. While your managers recommend that the Senate agree to the amendment made by the House, I believe it important to indicate the considerations which led to the inclusion of this provision in the Senate bill.

The amendment of section 3 (b) was designed to make the capital market more readily available to small businesses and at less expense, in accordance with the recommendation of the President in his Economic Report to the Congress. It was thus conceived as a part of the securities law amendment program for the purpose, "while fully protecting the interests of investors," of "making the capital markets more accessible to businesses of moderate size"—report of the President, 83d Congress, 2d session, House Document No. 289, January 28, 1954, page 88. Incidentally, I would like to point out that the amendment increasing the exemption for the smaller securities issues was very strongly advocated by the chairman of our Committee on Banking and Currency, Senator CAPEHART, as well as by the ranking member on the Democratic side, Senator MAYBANK.

It should be emphasized that the proposed amendment of section 3 (b) would not have made the increased exemption automatically available. It would have served only to increase the permissible and maximum amount of exemption from the registration provisions of the act subject to the terms and conditions provided in relevant regulations of the Commission.

In its regulations under section 3 (b) of the act, the Securities and Exchange Commission requires an offering circular to be delivered to the prospective purchaser and may by order suspend or deny the exemption because of fraud, threatened fraud, or other violation of the regulations. Persons using the offering circular are subject to civil liability and other sanctions for fraud and other inaccuracies under sections 12 and 17 of the Securities Act of 1933. Under present regulations these offering circulars which contain financial statements are examined in the Commission's regional offices before they may be used. It is the opinion of your Committee on Banking and Currency that the filing with and the scrutiny of the Commission of the literature employed under the exemption affords substantial safeguards.

As I have already indicated, a principal reason for increasing the exemptive amount was the disproportionate cost of

registration for small issues. After careful consideration of the testimony of witnesses who appeared before your committee and urged an increase in the exemptive amount and of the considered views of the members of the Securities and Exchange Commission, your Committee on Banking and Currency was of the view that an increase of the exemptive amount, subject to appropriate safeguards, would be in the public interest.

Despite careful exploration of all of the pertinent considerations in conferences with the conferees on the part of the House of Representatives, many background conversations and attempts at compromise, the conferees on the part of the House were adamant in refusing to agree to the position of the Senate. In view of the importance of the other provisions of the bill and the long history of failure to reach a workable and non-controversial solution to the problems dealt with in the bill beginning as early as 1939, your managers determined that the public interest could best be served by an agreement on the amendment made by the House. We have concluded, however, that the objective of reducing the cost of financing businesses of small and moderate size can be achieved if the Commission should take administrative action under powers it already has under the statutes.

During the past year or more the Commission has been seriously grappling with the problems of simplification of registration procedures, and a vigorous program of revision of rules, regulations and forms, including forms for the registration of new issues of securities, has been under way at the Commission, which tends to reduce the expense and difficulty of registration. I am advised that effective July 21 the Commission announced a new form, S-9, for institutional grade debt securities which substantially reduced the quantity and detail of information previously required and which will permit a prompter administrative processing of registration statements filed under that form. The Commission has also adopted a form S-8, which similarly simplifies the registration procedures for issuers offering securities to their employees.

The Commission has ample administrative powers under the act to classify issues and issuers, and guided by the broad outlines of schedule A of the act, to specify what types of information shall be included for registration statements and prospectuses of different classifications of issuers. We urge the Commission to address itself promptly to providing forms and procedures for the registration of issues of securities of small and moderate size that would permit reduction of the expense of registration of such issues, but which would, however, require all of the information, reasonably necessary to permit the investor to make an informed investment judgment as to that type of security, be furnished consistent with the basic purposes of the act.

I believe that this solution of the problem would have the advantage of preserving for investors in such issues the important protections afforded by the

registration requirements of the act. These include the information provided by the issuers' prospectuses, including certified financial statements and the important civil liability of the issuer, the underwriters and others under section 11 of the act. The flexibility of the Commission's powers to prescribe forms of prospectuses will be significantly improved by provisions of the bill which will permit the use of summary prospectuses.

I am happy to report that Chairman WOLVERTON of the House Interstate and Foreign Commerce Committee, who was also chairman of the conference, has advised me that he shares these views as to the Commission's authority and the suggestions made that the Commission address itself to the seeking of solutions to the problems posed by the expense of registration of small issues. I wish to quote from his very fine letter to me on this subject:

In such remarks as you may make on the Senate floor at the time, you may feel perfectly free to indicate my own sympathy with such proposal that the Commission undertake all action appropriate with reducing the costs of registration, revising applicable forms, and specifying types of information to be included in the prospectus and consistent with maintaining the liabilities and remedies contained in the act for the protection of investors.

The other amendments made by the House of Representatives are an amendment, requested by the Commission, making the bill effective 60 days after its enactment in order to afford sufficient time to formulate rules and revisions thereunder, and other amendments of legislative style.

I wish to thank the chairman of our committee, the distinguished and able senior Senator from Indiana [Mr. CAPEHART], for granting me the privilege of working on and helping to guide this important legislation through the Congress.

Mr. President, I simply wish to emphasize that the only change made in the Senate version of the bill was to eliminate the increase in exemption from \$500,000, and to leave it at \$300,000, where it has been for some years past. That is the exemption in the amount of securities issued, for which registration is required.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The conference report was agreed to.

CONSERVATION OF WATER RESOURCES

Mr. KNOWLAND. Mr. President, I understand that the Senator from Vermont desires to have considered the amendments of the House of Representatives to Senate Bill 3137, relating to the conservation of water resources. The consideration of the amendments has been discussed with the minority members of the Committee on Agriculture and Forestry, and also with the acting minority leader. I believe that action on the amendments will not require more than a few minutes.

Following the completion of such action, I plan to move that the Senate stand in recess until 10 o'clock tomorrow morning.

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the bill (S. 3137) to make the provisions of the act of August 28, 1937, relating to the conservation of water resources in the arid and semiarid areas of the United States, applicable to the entire United States, and to increase and revise the limitation on aid available under the provisions of the said act, and for other purposes, which were, on page 2, line 14, after "estate", insert "corporation engaged in farming"; on page 2, line 17, after "any", insert "other"; on page 2, after line 21, insert:

SEC. 9. The Secretary of Agriculture is authorized, upon such terms and conditions as he shall prescribe, to make loans for the purposes of financing the improvement of farm land by soil or water conserving or drainage facilities, structures or practices, improvement of soil fertility, establishment of improved permanent pasture, sustained yield afforestation or reforestation, or other erosion preventatives, and such other related measures as may be determined from time to time by the Secretary.

And on page 2, line 22, strike out "SEC. 9." and insert "SEC. 10."

Mr. AIKEN. Mr. President, the Senate passed the bill unanimously sometime in May. The bill provides for the extension of the Water Resources Conservation Act to all States of the Union, making loans available in larger amounts than had previously been the case for the securing of water for household or irrigation purposes.

The House proposes to amend the bill by making loans available for the financing of drainage facilities, structures or practices, improvement of soil fertility, establishment of improved permanent pastures, sustained yield afforestation or reforestation, or other erosion preventatives. The House has added those items to the water facilities contained previously in the bill.

The Department of Agriculture approves the House amendment. I have spoken with most of the members of the Senate Committee on Agriculture and Forestry, and they have approved it.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. AIKEN. I yield.

Mr. FULBRIGHT. Is it very clear that the amendments do not restrict the scope of the loans which may be made?

Mr. AIKEN. The Senator is correct. They do not restrict the loans to the purpose of digging wells or waterholes.

Mr. FULBRIGHT. I completely concur in the amendments, and I am glad to support them.

Mr. AIKEN. I move that the Senate concur in the House amendments.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Vermont.

The motion was agreed to.

MUTUAL SECURITY ACT OF 1954

The Senate resumed the consideration of the bill (H. R. 9678) to promote the

security and foreign policy of the United States by furnishing assistance to friendly nations, and for other purposes.

Mr. CAPEHART. Mr. President, I offer an amendment to H. R. 9678, which I ask to have printed and lie on the table.

This amendment would increase to \$750 million from \$150 million the amount of nonmilitary funds to be made available under this act in the form of loans rather than grants. These loans would be made by the Export-Import Bank for specific purposes and on terms that will give reasonable assurance of repayment. These are the same terms upon which the Export-Import Bank is presently required to administer its own funds. However, the remaining provisions of the Export-Import Bank Act would not be made applicable to the funds it handles under the Mutual Security Act.

It has long been my thought that a properly administered loan program would accomplish far more toward the development of foreign countries and their mutual relations with the United States than would an outright program of handouts. The bill, as reported from the Foreign Relations Committee, already provides that not less than \$150 million of the nonmilitary funds made available by the bill shall be available only on a loan basis to be administered by the Export-Import Bank. My amendment would increase this amount to \$750 million, which roughly equals half of the nonmilitary funds authorized under this act. Moreover, my amendment would require that these funds be handled in the making of loans on a basis which could reasonably be expected to assure repayment of the funds to the United States with interest. Nothing in my amendment would detract from the purposes for which the funds made available under this act could be used. The main effect of the amendment would be to require that half of the nonmilitary funds be made available on a loan rather than a grant basis. I think it is high time that we started placing these programs on more of a business basis to assure the ultimate resumption of trade relations between this country and the nations we are aiding. My amendment will still allow half of the nonmilitary funds to be advanced on a grant basis wherever that is deemed necessary. However, it will go a long way toward reestablishing normal business relationships with our allies.

Mr. MAYBANK. I wish to concur thoroughly in what the Senator from Indiana has said. As a matter of fact, we have discussed the situation many times. I think the amendment will go a long way toward aiding business.

I want the Record to show that all the giveaway funds have not yet been given away. There are still \$7,500,000,000 not spent, and negotiations are now in progress for about \$2,500,000,000, as to which there have not been any commitments made by the FOA. So about \$10 billion has not yet been given away.

I hope that when the appropriation bill is reported Senators on the floor will

remember that \$10 billion is still on hand. So we cannot only eliminate \$3,000,000,000, but also the \$10 billion not yet spent.

Mr. CAPEHART. The Senator from South Carolina is saying that some \$10 billion is still in the pipeline.

Mr. MAYBANK. That is correct.

Mr. CAPEHART. All the appropriation which is being made this year for foreign aid is in addition to the \$10 billion.

The PRESIDING OFFICER. Does the Senator from Indiana desire to have his amendment considered at this time?

Mr. CAPEHART. No; I desire to have it printed and to lie on the table.

The PRESIDING OFFICER. The amendment will be received, printed, and will lie on the table.

Mr. CAPEHART. My amendment will earmark \$750 million, to be loaned for good business purposes, and to be repaid to the Treasury of the United States over either short terms or long terms. In other words, let us begin to put foreign aid on a businesslike basis. Let us lend the money. Let the borrowers pay interest on it, and let us have the money repaid. I think if we do that, our borrowers will have more respect for us. This will tend to produce more good will and make more friends, than if we gave the money away.

Mr. LONG. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. LONG. As the Senator knows, about \$9 billion is on hand unexpended, at present. If I understand correctly, next year it is expected that \$7 billion will be on hand and unexpended.

Mr. CAPEHART. That is correct.

Mr. LONG. Is it necessary to give all of it away now? Why not give some of it away later?

Mr. CAPEHART. At least, \$750 million can be earmarked for lending, and we can hope to get it back. I think the amount should be more than \$750 million, but I am willing to compromise, at the moment, on \$750 million.

Mr. LONG. I recall that some time ago the Senator tried to make a very drastic reduction in the amount of the foreign giveaway program. He tried to reduce it by \$3 billion. Looking at the proposal with hindsight, I regret now that I did not vote for the Senator's amendment.

Mr. CAPEHART. Even in those days we tried to put it on a loan basis, even if it were necessary to lend it for a period of 50 years, at a small rate of interest. Someday we would have had it repaid, and those to whom it was loaned would have appreciated it more. People do not like to think they are on charity. They would like to do business in a businesslike way. They would like to borrow money and they would like to repay it.

Mr. LENNON. Mr. President, I wonder if the Senator has figures as to how much money those charged with responsibility for the foreign aid and FOA had the right to spend during the past fiscal year?

Mr. CAPEHART. I think it has been brought out by the able Senator from

South Carolina [Mr. MAYBANK] that there is still approximately \$10 billion unspent in the pipeline. They have committed much of it. Some of it they have not contracted for, but the Congress has appropriated approximately \$10 billion, which they have not as yet spent. They may have contracted for the goods and may have commitments outstanding for at least a portion of it. I cannot tell how much.

Mr. LENNON. Does the Senator know what the figures are for the unobligated funds to be carried over?

Mr. CAPEHART. I would be guessing. My best guess is about \$3 billion. I would be glad to correct the Record tomorrow, when I get the facts.

Mr. LENNON. Do the figures in the bill include new money as well as the unobligated money carried over?

Mr. CAPEHART. Will the Senator state the question again?

Mr. LENNON. Do the figures in the pending bill include the unobligated funds carried over as well as the new money; or only the new money?

Mr. CAPEHART. I think the \$3 billion I am talking about, which may be entirely too high, has a large sum of old funds which has not been obligated.

Mr. LONG. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. LONG. I believe the figure is somewhere around \$2,300,000,000.

Mr. CAPEHART. Yes.

Mr. LONG. Or perhaps a few hundred million dollars more than that. There is at least \$2,300,000,000 that is not even obligated of the money left over.

RECESS TO 10 O'CLOCK A. M. TOMORROW

Mr. REYNOLDS. Mr. President, in accordance with the order previously entered, I move the Senate stand in recess until 10 o'clock tomorrow morning.

The motion was agreed to; and (at 7 o'clock and 50 minutes p. m.) the Senate took a recess, the recess being, under the order previously entered, until tomorrow, Thursday, July 29, 1954, at 10 o'clock a. m.

NOMINATIONS

Executive nominations received by the Senate July 28 (legislative day of July 2), 1954:

DEPARTMENT OF THE AIR FORCE

Lyle S. Garlock, of Minnesota, to be Assistant Secretary of the Air Force vice H. Lee White, resigned.

UNITED STATES ATTORNEY

Louis B. Blissard, of Hawaii, to be United States attorney for the district of Hawaii, vice Albert William Barlow, resigned.

COMPTROLLER OF CUSTOMS

Lorene W. Bowlus, of Maryland, to be comptroller of customs with headquarters in Baltimore, Md., to fill an existing vacancy.

COLLECTOR OF CUSTOMS

Frank Peska, of Illinois, to be collector of customs for customs collection district No. 39, with headquarters at Chicago, Ill., to fill an existing vacancy.

POSTMASTERS

The following-named persons to be postmasters:

ALABAMA

Earney W. Shaw, Holly Pond, Ala., in place of Oscar Taylor, retired.

ARKANSAS

Irel C. Bellville, Little Rock, Ark., in place of E. M. Robinson, retired.

CALIFORNIA

Edward J. Victor, Corte Madera, Calif., in place of E. B. Bailly, retired.

Charles A. Messick, La Quinta, Calif., in place of T. O. Brooks, deceased.

CONNECTICUT

Gordon L. King, Madison, Conn., in place of C. A. Theis, retired.

Goldia P. Dabbs, Northford, Conn., in place of W. J. Maley, retired.

GEORGIA

William C. Lovejoy, Jr., Decatur, Ga., in place of L. R. Billups, retired.

Harry R. Tucker, Sr., Gainesville, Ga., in place of H. R. Hancock, retired.

ILLINOIS

Elmer W. Johnson, Cherry Valley, Ill., in place of M. M. Hyland, resigned.

Harold J. Fenwick, Malden, Ill., in place of L. C. I. Johnson, resigned.

INDIANA

Hiram J. Shepherd, Butlerville, Ind., in place of P. L. Hyden, resigned.

Roy E. Nelson, Connersville, Ind., in place of W. H. Luking, retired.

Don P. Guild, Medaryville, Ind., in place of Lowell Odom, deceased.

IOWA

Edwin H. Curtis, Chariton, Iowa, in place of D. C. Batten, deceased.

LOUISIANA

Benjamin J. Haygood, Jr., Belcher, La., in place of M. M. Gleason, retired.

MAINE

Donald T. Reilly, New Harbor, Maine, in place of M. R. Tyus, retired.

MASSACHUSETTS

Anna M. Shea, Barrowsville, Mass., in place of J. P. Bartley, deceased.

Nils Sture Nelson, Norwood, Mass., in place of F. M. Adelman, retired.

Stacy P. Taylor, South Wellfleet, Mass., in place of E. A. Davis, retired.

MICHIGAN

Chester F. Lee, Armada, Mich., in place of E. W. Lyons, transferred.

Ralph G. Hartsig, Van Dyke, Mich., in place of William Stahl, transferred.

MINNESOTA

Dale E. Matteson, Akeley, Minn., in place of J. I. Malerich, transferred.

Walter J. Jacob, Anoka, Minn., in place of W. L. Ward, retired.

Harold J. Mumme, Franklin, Minn., in place of G. M. Freeman, retired.

Edward K. Tanner, Little Falls, Minn., in place of S. C. Beniek, resigned.

Siegfried E. Schmidtke, Morristown, Minn., in place of P. M. Saemrow, deceased.

Glenn B. Burbach, Rochester, Minn., in place of J. W. Feller, deceased.

Bernard J. Rauhen, Wagonia, Minn., in place of E. C. Bahr, retired.

MISSOURI

Madge D. Graham, Rothville, Mo., in place of M. E. Vassar, resigned.

MONTANA

Norman E. Blythe, Havre, Mont., in place of C. L. Gorman, deceased.

Joseph M. Tackes, Power, Mont., in place of R. N. Baggenstoss, resigned.

NEBRASKA

Charley L. Dickey III, Columbus, Nebr., in place of E. C. Kavanaugh, retired.

NEW HAMPSHIRE

Frank A. Fogg, Center Ossipee, N. H., in place of C. F. Bamford, deceased.

NEW JERSEY

Robert A. Cooper, Mount Arlington, N. J., in place of J. R. Johnson, retired.

NEW MEXICO

Lewis H. Moore, Farmington, N. Mex., in place of M. D. Woods, resigned.

NEW YORK

Edward W. Gent, Wellsville, N. Y., in place of C. N. Marshall, retired.

John A. Harrington, West Oneonta, N. Y., in place of S. A. Gregory, resigned.

NORTH CAROLINA

Aretta S. Crumpton, Altamahaw, N. C., in place of O. V. Underwood, retired.

Powell W. Patrick, Lake Lure, N. C., in place of E. S. Holliman, resigned.

NORTH DAKOTA

Pearl E. Taylor, Alexander, N. Dak., in place of B. K. Jenner, removed.

Alice L. Margach, Grandin, N. Dak., in place of G. W. Skinner, transferred.

Donald M. Tofteland, Martin, N. Dak., in place of V. C. Magnuson, resigned.

Martin E. Quam, Warwick, N. Dak., in place of K. P. Ferrell, transferred.

OHIO

Paul R. Boyd, Barnesville, Ohio, in place of Floyd Turner, deceased.

Joseph S. Frantz, Cleveland, Ohio, in place of J. F. Prosser, retired.

Ellsworth C. Young, Middlebranch, Ohio, in place of H. H. Lesh, retired.

Oril O. Miller, Mount Blanchard, Ohio, in place of H. J. Benjamin, retired.

Sister Mary Annice Cushman, Mount Saint Joseph, Ohio, in place of Sister M. A. Humpert, resigned.

Charles R. Leech, Newcomerstown, Ohio, in place of K. H. Baxter, retired.

Frank R. Faires, Stockport, Ohio, in place of R. A. Durbin, transferred.

OREGON

Friedrick W. Knieling, Marion, Oreg., in place of C. A. Smith, retired.

PENNSYLVANIA

Charlotte F. Ferren, Allenport, Pa., in place of J. M. Jones, retired.

Harold V. Eichelberger, Lewisberry, Pa., in place of H. E. Hake, resigned.

SOUTH DAKOTA

Irwin B. Linstad, Eagle Butte, S. Dak., in place of I. H. Pinnell, retired.

Delvin Meyer, Mission, S. Dak., in place of Harry Dettman, retired.

TENNESSEE

Johnie E. Law, Westmoreland, Tenn., in place of E. B. Simmons, transferred.

TEXAS

Frank T. Coffman, Bagwell, Tex., in place of B. F. Brooks, removed.

Douglas N. Pegues, Cleburne, Tex., in place of R. L. Doak, deceased.

Martin E. Franklin, Fort Hancock, Tex., in place of E. E. Bush, retired.

Kenneth Whelply, Nederland, Tex., in place of W. O. Haizlip, resigned.

Nathan O. Jackson, Tolar, Tex., in place of V. E. Newman, transferred.

VIRGINIA

George C. Burnop, Chatham Hill, Va., in place of P. J. DeBord, retired.

WASHINGTON

Gilbert E. Manuel, College Place, Wash., in place of E. H. Davis, retired.

WYOMING

Charles F. Hessenthaler, Byron, Wyo., in place of M. B. Cozzens, retired.

CONFIRMATIONS

Executive nominations confirmed by the Senate July 28 (legislative day of July 2), 1954:

DEPARTMENT OF THE TREASURY

W. Randolph Burgess, of New York, to be Under Secretary of the Treasury for Monetary Affairs.

Laurence B. Robbins, of Illinois, to be Assistant Secretary of the Treasury.

UNITED STATES TARIFF COMMISSION

Glenn W. Sutton, of Georgia, to be a member of the United States Tariff Commission for the term expiring June 16, 1960.

COMPTROLLERS OF CUSTOMS

Albert V. Becker, of Illinois, to be comptroller of customs with headquarters at Chicago, Ill.

Raymond L. Rhodes, of New Jersey, to be comptroller of customs with headquarters at New York, N. Y.

COLLECTOR OF CUSTOMS

Arthur Rogers, to be collector of customs for customs collection district No. 43, with headquarters at Memphis, Tenn.

DEPARTMENT OF AGRICULTURE

Earl L. Butz, of Indiana, to be Assistant Secretary of Agriculture.

FOREIGN OPERATIONS ADMINISTRATION

William F. Russell, of Connecticut, to be the Deputy Director for Technical Services, Foreign Operations Administration.

DIPLOMATIC AND FOREIGN SERVICE

Arthur A. Ageton, of Maryland, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Paraguay.

ROUTINE APPOINTMENTS

The following-named Foreign Service officers for promotion to grade indicated:

Class 2

Daniel V. Anderson, of Delaware.
Peyton Kerr, of Virginia.

Class 4 and consul

Howard L. Boorman, of the District of Columbia.
Nathaniel Davis, of New Jersey.
Ralph J. McGuire, of the District of Columbia.

G. Alonzo Stanford, of Michigan.
John Patrick Walsh, of Illinois.

Class 5

Lawrence H. Berlin, of Illinois.

Consul general

John N. Hamlin, of Oregon.
William E. Cole, Jr., of New York.
Murat W. Williams, of Virginia.

Class 3, consul, and secretary

D. Chadwick Braggiotti, of Connecticut, reappointment as Foreign Service officer in the diplomatic service, in accordance with the provisions of section 520 (a) of the Foreign Service Act of 1946.

The following-named persons for appointment as Foreign Service officers in the diplomatic service:

Class 3, consul, and secretary

John M. Kennedy, of Virginia.
Vernon L. Phelps, of Illinois.

Class 4, consul, and secretary

Charles T. Cross, of Virginia.
Richard A. Godfrey, of Kentucky.
Robert E. Read, of New York.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued July 30, 1954
For actions of July 29, 1954
83rd-2nd, No. 144

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Foreign aid.....9,16,33	Minerals.....2,12,31	Textiles.....5
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Grain storage.....14	Prices.....6	

HIGHLIGHTS: House passed bill to increase CCC borrowing power. House agreed to corrections in enrollment of housing bill. House voted against sine die adjournment July 31. Senate committee reported flood control bill. Senate agreed to conference report on tax revision bill. Senate debated mutual security authorization bill. Senate committee ordered reported supplemental appropriation bill. Rep. Multer criticized USDA's request for further increase in CCC borrowing authority. Senate recalled water-facilities loans bill and agreed to bills correcting clerical errors.

HOUSE

1. COMMODITY CREDIT CORPORATION. Passed, 317-57, without amendment H. R. 9756, increasing the borrowing power of CCC from \$8.5 billion to \$10 billion (pp. 11965-6).
2. MINERALS. Agreed to the conference report on S. 3344, to amend the mineral leasing laws to provide for multiple mineral development of the same tracts of public lands (pp. 11967, A5553-5).
3. HOUSING LOANS. Agreed to a Senate concurrent resolution correcting errors in the enrollment of H. R. 7839, the housing bill (pp. 11966-7, 12010). This bill will now be sent to the President.
4. ADJOURNMENT. By a 183-193 vote, rejected H. Con. Res. 265, providing for sine die adjournment of Congress on July 31 (p. 11966).
5. TEXTILES. Rep. Deane inserted an analysis of the textile industry which he compiled from information obtained from the Legislative Reference Service and other sources (pp. 11971-5).
6. COFFEE PRICES. Received from the Federal Trade Commission a report, "Investigation of Coffee Prices" (p. 12029).

SENATE

7. WATER-FACILITIES LOANS. Recalled S. 3137, to amend the Water Facilities Act; reconsidered the vote by which the Senate agreed to House amendments to the bill; and concurred in the House amendments with further amendments for the purpose of correcting clerical errors in the bill (pp. 11898, 11958, 12000).
8. FARM PROGRAM. The amendment by Sen. Williams to S. 3052 (see Digest 143) is identical to his bill, S. 3815, which would provide for a specific contribution by State governments to the cost of feed or seed furnished to farmers, ranchers or stockmen in disaster areas.
 Sen. Goldwater (for himself and Sen. Hayden) submitted an amendment which he intends to propose to this bill. Sen. Aiken (for himself and Sens. Hickenlooper, Schoeppel, Holland, and Anderson) submitted an amendment in the nature of a substitute which they intend to propose to the bill. (p. 11896.)
9. FOREIGN AID. Continued debate on H. R. 9678, the mutual security authorization bill for 1955 (pp. 11900-29, 11956-63).
10. SUPPLEMENTAL APPROPRIATION BILL, 1955. The Appropriations Committee ordered this bill reported with amendments (p. D913).
11. FLOOD CONTROL. The Public Works Committee reported with amendments H. R. 9859, the omnibus flood control bill (S. Rept. 2007)(p. 11892).
12. MINERALS; PUBLIC LANDS. The Interior and Insular Affairs Committee reported with amendment S. 3071, to amend the act authorizing agricultural entries under the non-mineral-land laws of certain mineral lands (S. Rept. 2009)(p. 11893).
13. FARM LOANS. Passed as reported H. R. 8152, to extend to June 30, 1955, the authority of the Veterans' Administration for direct home and farmhouse loans under the Servicemen's Readjustment Act, and to make additional funds available therefor (pp. 11926-7).
14. TAXATION. Agreed to the conference report on H. R. 8300, to revise the internal revenue laws (pp. 11929-54). This bill will now be sent to the President. Sens. Morse and Humphrey discussed an amendment which had been proposed by S. Humphrey regarding grain storage facilities and the contemplated purchase by CCC of additional facilities (pp. 11942-4).
15. PERSONNEL. Sen. Williams inserted and discussed an amendment which he intends to propose (on behalf of himself and Sen. Schoeppel) to H. R. 7774, the incentive awards bill. The amendment would prevent persons who are convicted of certain crimes from participating under the Civil Service Retirement Act, but would provide for refunds to such persons of the amounts which they had contributed to the retirement fund. (p. 11897.)
16. FOREIGN AID. Sen. Wiley commended the technical assistance program and inserted newspaper editorials on this matter (p. 11899).
17. NOMINATION of Lawrence Quincy Mumford, to be Librarian of Congress, was confirmed (p. 11964).

BILLS APPROVED BY THE PRESIDENT

18. RECLAMATION. H. R. 6786, authorizing Interior to purchase improvements or pay damages for removal of improvements located on U. S. public lands in the

where it is located or \$1 million a year coming to it indirectly from outside the State.

(2) If the plant involved does not meet these tests, jurisdiction will nevertheless be asserted if the multi-State enterprise, of which the plant is a part, has a total outflow of goods into interstate commerce totaling \$250,000 a year, taking the outflow of all its plants together.

F. Companies which supply services to interstate companies will come under the jurisdiction of the Board only if they meet the following tests:

(a) An independent establishment must furnish services amounting to at least \$200,000 a year (formerly \$50,000) to certain types of interstate companies.

(b) If the establishment is part of a multi-State enterprise, jurisdiction will be asserted over any one establishment of the enterprise if the enterprise furnishes services amounting to \$1 million a year to interstate concerns.

The Board announced that these changes in its jurisdictional standards will take effect immediately. The new standards will be applied to cases pending before the Board as well as to those filed hereafter.

The changes indicated were made by majority vote in specific cases; the Board was not unanimous. Dissents will be included in the decisions as they issue.

THE NEW NLRB JURISDICTIONAL STANDARDS

With today's new standards and the earlier amendments, the Board now will assert jurisdiction over the following types of companies:

1. Instrumentalities and channels of commerce, interstate or foreign, except that:

Jurisdiction will be exercised over intra-State trucking companies and similar firms which are links in interstate commerce only if they do at least \$100,000 worth of business annually for other concerns in categories numbered 1, 2, or 4.

Jurisdiction will be asserted over radio and television stations only if their gross annual revenue amounts to at least \$200,000 and over newspapers only if their gross annual income amounts to at least \$500,000.

2. Public utility and transit systems:

(a) Local power, gas, and water utilities and local or intra-State public transit systems only if the company does a gross annual business of \$3 million or more.

(b) Public transit systems engaged in interstate commerce if the gross annual revenue from interstate operations amounts to at least \$100,000.

3. An establishment operating as an integral part of a multi-State enterprise, other than a retail or service establishment, if one of the following tests is met:

(a) The plant involved has a direct outflow of goods into interstate commerce amounting to \$50,000 a year (thus meeting the standard of category 4) or furnishes goods to the value of \$100,000 a year to interstate concerns coming within categories 1, 2, or 4 of this list, or

(b) If the plant involved does not meet the separate plant tests listed in (a) above, jurisdiction will be asserted if the multi-State enterprise, of which the plant is a part, has a total outflow of \$250,000 a year into interstate commerce.

Jurisdiction will not be exercised over an establishment solely because it is operating under a franchise from a national enterprise. Jurisdiction will be exercised over franchised establishments only if they satisfy some other standard in this plan.

4. Enterprises other than retail stores, producing or handling goods destined for out-of-State shipment or performing services outside the State in which the firm is located, where such goods or services are valued at \$50,000 a year.

5. Enterprises furnishing goods or services that become part of the stream of commerce

amounting to \$100,000 a year or more to concerns in categories 1, 2, or 4, except that:

Jurisdiction will not be exercised over enterprises supplying materials to other firms which do interstate business unless the materials themselves ultimately go outside the State.

6. Enterprises furnishing services, other than those in category 5, amounting to \$200,000 a year or more to concerns in categories 1, 2, 4, or if the establishment involved is part of a multi-State chain, jurisdiction will be exercised if the chain furnishes services amounting to \$1 million or more per year to concerns in categories 1, 2, or 4, except that:

Jurisdiction will not be exercised over general or public office buildings merely because such buildings have tenants over which the Board takes jurisdiction.

7. Enterprises other than retail establishments which have a direct inflow of goods or materials from out-of-State valued at \$500,000 a year or more.

8. Enterprises, other than retail establishments, with an indirect inflow of goods or materials valued at \$1 million a year or more.

9. Retail stores:

(a) Independent retail stores, whether a single store or part of a chain operating entirely within a State, only if—

(1) the store involved in the case has annual purchases amounting to at least \$1 million coming to it directly from outside the State, or

(2) the store involved has annual purchases of \$2 million coming to it indirectly from outside the State, or

(3) if the store ships \$100,000 worth of merchandise into another State or States.

(b) Chains of retail stores, with stores in more than one State, only if—

(1) the individual store involved meets either of the tests for intrastate stores, or

(2) the chain has gross annual sales totaling \$10 million or more.

Jurisdiction will not be exercised over public restaurants regardless of source and volume of materials and regardless of whether the restaurant is part of a multi-state chain.

10. Establishments affecting the national defense, where the goods or services furnished are directly related to national defense, and amount to at least \$100,000 annually, and are furnished pursuant to a Government contract.

Mr. GOLDWATER. Mr. President, I ask unanimous consent also that an editorial entitled "Less Government," published in a recent issue of the New York World-Telegram, be printed at this point in my remarks.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

LESS GOVERNMENT

The National Labor Relations Board, as a result of changes in its rules, has withdrawn its jurisdiction over labor relations in thousands of small business establishments. It thus expects to eliminate about 15 percent of its cases, which should save something in operating expenses as well.

This seems a proper action. These small business firms and their workers still will be subject to Federal law, and will be as free to go to court as ever. But many of the minor cases which have been going to the NLRB well could be handled by community or State agencies.

State labor laws do vary, as the American Federation of Labor says in its criticism of the change. But advantages as a result of that are as likely to accrue to unions as to management.

It is time the Government's role in labor relations was reduced anyway. The original purpose of the National Labor Act was to

help make the unions bigger and stronger. Hardly anyone would question the ability of most of them to stand on their own feet today—in fact labor and management resolve their differences in many plants without any dealings whatever with the Government, often for years on end.

That is the way things should be done under a free enterprise system, and we hope this change in the NLRB rules encourages more of it.

UNITED STATES AND UNITED NATIONS TECHNICAL ASSISTANCE

Mr. WILEY. Mr. President, I believe that the United States program of technical assistance and United States contributions to United Nations technical assistance programs constitute two extremely important aspects of American foreign policy. Both types of assistance—bilateral and multilateral—are, in my judgment, sound expenditures on behalf of the American people.

I have received this afternoon a number of telegrams presenting views parallel to those which I have just mentioned. I send to the desk two such wires and ask unanimous consent that they be printed at this point in the body of the CONGRESSIONAL RECORD.

There being no objection, the telegrams were ordered to be printed in the RECORD, as follows:

NEW YORK, N. Y., July 28, 1954.

Hon. ALEXANDER WILEY,
Senate Office Building,

Washington, D. C.:

Urge full authorization for economic development assistance and for United States and United Nations technical assistance as recommended by administration. Both United States technical cooperation and United Nations technical-assistance programs have reaped harvest of good will for American people in Near East as in other underdeveloped areas. To cripple first and destroy second would constitute an inexcusable assault upon our traditional good-neighbor policy. Bilateral technical cooperation and multilateral technical assistance are of vital importance in struggle for freer and better world and more respected America.

AMERICAN CHRISTIAN PALESTINE
COMMITTEE,

Rev. Dr. CARL HERMANN VOSS,
Chairman, Executive Council.

Prof. S. RALPH HARLOW,
Member, Executive Council.

Dr. SAMUEL GUY INMAN,
Vice Chairman.

Rev. KARL BAEHR,
Executive Director.

NEW YORK, N. Y., July 28, 1954.

Senator ALEXANDER WILEY,
Chairman, Senate Foreign Relations
Committee, Washington, D. C.:

The American Jewish Committee regrets that House of Representatives rejected the President's proposal for appropriations for both direct United States program of foreign technical assistance and for American contribution to parallel program of the United Nations. We hope that the Senate will preserve these important instrumentalities of American world leadership and secure restoration of both appropriations in conference.

IRVING M. ENGEL,
President.

THE JUNIOR SENATOR FROM WISCONSIN

Mr. SMITH of New Jersey. Mr. President, I desire to address the Senate very

briefly, during the morning hour, before we resume debate on the foreign-aid bill.

The PRESIDENT pro tempore. Does the Senator from New Jersey desire to speak at this time under the 2-minute rule?

Mr. SMITH of New Jersey. Yes, Mr. President.

The PRESIDENT pro tempore. Very well; the Senator from New Jersey is recognized.

Mr. SMITH of New Jersey. Mr. President, I simply wish to give notice to my colleagues in the Senate that tomorrow, when the so-called Flanders resolution comes before us, it is my purpose to speak on the subject and to offer to the Senate a resolution in the nature of a substitute for the Flanders resolution.

In order that my colleagues may have advance notice of what I plan to offer as a substitute, I shall now read it; and later in the day I shall circulate to all Members of the Senate the text of the proposed substitute.

The substitute which I wish to read into the RECORD at this time and, as I say, to offer tomorrow, when the Flanders resolution is before us, reads as follows:

Whereas the Senate views with real concern the growing divisiveness and disunity in the Senate and throughout the country over the alleged good or evil of so-called McCarthyism; and

Whereas it is the immediate responsibility of the Senate to deal with this critical situation in an objective, judicial, and statesmanlike manner: Now, therefore, be it

Resolved, That the Vice President of the United States immediately appoint a special bipartisan committee of the Senate to investigate and report with recommendations to the Senate on this controversial matter. The committee shall be composed of 6 Senators, 3 of whom shall be nominated by the Republican policy committee, and 3 by the Democratic policy committee. The Vice President shall be ex officio chairman of the group. The committee shall report with recommendations to the Senate not later than February 1, 1955.

Mr. President, I shall not take time to debate this matter now; but tomorrow, after the Flanders resolution is before us, I propose to discuss at some length this resolution of mine.

The PRESIDENT pro tempore. Is there further morning business?

If not, morning business is closed.

MUTUAL SECURITY ACT OF 1954

The Senate resumed the consideration of the bill (H. R. 9678) to promote the security and foreign policy of the United States by furnishing assistance to friendly nations, and for other purposes.

Mr. SMITH of New Jersey. Mr. President, before I begin my formal remarks on the bill, I should like to pay a tribute to the staff of the Senate Foreign Relations Committee because of the careful, detailed work they have done in the preparation of the report on the bill, which in my judgment is one of the best and clearest reports which has ever been filed on a bill in the Senate. I urge upon my colleagues to read the report, if they have in mind any questions regarding

the bill, or have any difficulties in considering what the bill contains.

I also wish to call attention to the fact that, of course, this is an authorization bill, not an appropriation bill. In the bill we are laying the foundation for authorizing the necessary appropriations of funds to carry out the program the bill presents.

Let me say that I shall request my colleagues not to interrupt me during the course of my address, inasmuch as I wish to present it in consecutive form, for I believe it will be clearer that way, rather than if there were to be interruptions.

However, when I have completed my remarks, I shall be most happy to answer any questions which may be submitted regarding what I have said or in connection with various features of the bill.

Mr. President, I deeply appreciate the kind thoughts which have been addressed to me by the chairman of our Committee on Foreign Relations, the distinguished senior Senator from Wisconsin [Mr. WILEY], who on yesterday made a most impressive opening address on this bill of far-reaching importance and implications. Of course, because of the necessity for prompt action on the conference report on the housing bill, on yesterday, following the address by the chairman of the committee, it was necessary for us to defer until today further debate on the foreign-aid bill, which, as I have already indicated, has been most carefully prepared; and as I have said, we are deeply indebted to the excellent staff of the committee for their expert and painstaking assistance.

Mr. President, it was my privilege during the long hours spent discussing this measure, to follow it very closely and to become familiar with its many important ramifications. For this reason, I should like to supplement the statement which the distinguished senior Senator from Wisconsin made yesterday.

I

All of us are aware that the menace which threatens our freedom is the most critical which has confronted us in our history. Were this peril to our survival but the usual onslaught of military forces, the issue would offer no such challenge as that which has constantly faced us since 1946. But the enemy has weapons in his arsenal which have proved far mightier than the naked sword, though these weapons are backed by an ever-increasing military potential. It is these weapons which have defrauded much of mankind of its birthright of freedom. Masked as liberation, tyranny has entered. The psychology of simple, poverty-stricken peoples is twisted by ugly corruptions of meaning, so that the peaceful are belligerent, the friendly become the enemy, the provider is the thief, the emancipator is the enslaver, black is made white, and white is made black, to a point that normal reason is numbed.

To this new kind of onslaught, the United States has responded with a program designed to correct the conditions which render people susceptible to such misrepresentations and to prevent such

conditions from recurring. It is a program which has been guilty of a certain amount of zigzagging to permit that, a program predicated upon assumptions which in some cases events have invalidated. It is a program which has, in particular instances, been less effective and tardier of realization than was hoped for it in the beginning. But I want to emphasize, Mr. President, the goals of this program are right, and great progress has been made toward those goals.

I recognize that there is a general feeling today that this aid program has run long enough; that there is a time to stop giving away the tax dollars of our people. The committee is aware of that situation and has given great thought to it.

Fortunately, consistent with the administration's estimate of our security needs, it has been able to reduce the amounts requested this year by one-quarter of the sum appropriated last year; and this reduction has been increased still further, to one-third, by our Committee on Foreign Relations. Those among us who have been groaning that this outlay of money is going to continue for an indeterminate period in the future will find some reassurance in the information which is reproduced on page 14 of the committee report.

Here I am referring to the committee report I mentioned earlier, which, very carefully, with tables and with written matter, explains what each of these problems is. On that page we have shown the way the foreign-aid appropriations, starting in 1950, rose until the top was reached in 1951, and then dropped down to where they are today.

The scale diagram there set forth shows dramatically how the aid program, after reaching a high point in 1951, has gradually been curtailed. It has been trimmed by over 50 percent since that time.

Mr. President, all of the members of the committee have long been aware of the weaknesses in this kind of a program. Yet, as sympathetic as I am toward the prevailing desire to wind it up, I think we are compelled to recognize that now is not the time to cut it off abruptly, without regard for the consequences. In the light of the situation which exists in the world, it would, it seems to me, be unwise in the extreme to terminate the program at the very time that it can produce results in areas which are critical for the future destiny of this country.

That is exactly what the bill before us aims to do, namely, to carry on in those critical areas, in the situation in which we find ourselves in a disrupted world.

II

Mr. President, none of us can feel very encouraged about what has been happening in Indochina. Nor can we feel overly sanguine about the future of that area. We have too often been deceived in the past to share any illusions that world communism will involuntarily curb its ravenous appetite. Perhaps we shall be unable to inspire the adjacent countries to a sufficient awareness of their dreadful peril; to an understanding that

they risk losing everything which free men hold dear if they fail to give of the last full drop of energy in fighting for their independence.

Our whole policy is based on awakening these people, especially in the Far East, to this danger that is before them, and to challenge them to think in terms of their own independence, and to take their part in the battle against subversive forces.

Nobody ever asserted that any mutual-assistance program was a final panacea; that it would positively guarantee the results we have sought. Let us be clear about that. The omnipresent possibility of failure has existed from the first. But, Mr. President, has anyone ever suggested an alternative that offered more hope, or a better way to strengthen the countries which are threatened, and through them, to safeguard our own vital interests? And, until such an alternative is presented to us, is there anyone here who wishes to assume responsibility for sitting by with folded arms, and doing absolutely nothing? I repeat, does anybody in this Chamber feel that the true course of enlightened self-interest should be to do nothing?

It is about time we stopped talking about this program as though we were handing out our money as a special favor, and as though the true test of its success or failure was whether it made people like us. This is not an altruistic program, Mr. President, and it never was intended to be from the beginning.

Of course, we are glad to give what aid we can to these people, but fundamentally it is our own self-interest we are attempting to subserve. It is just about as self-interested a policy as we could follow. Let us face it. This is a program to save our own lives and the lives and future of our children. To the extent that we can keep the world Communist monster from swallowing up other regions, just that much farther is the menace kept from our own shores. And we do not care whether the recipients exhibit due gratitude or not.

That is not the issue at all. The issue is whether we are working in the interests of our own security.

Even the worst criticisms of the program are not a sufficient cause for abandoning it at this time. Its detractors say it is not a mutual-aid program. They say it is a one-sided arrangement. They say it is the United States which is making most of the sacrifices—in dollars, that is. They say we are not getting anything material back for our money. And they point to certain areas where we have not succeeded in holding the line against the latest surge of communism, as in Indochina.

Even if all these criticisms were 100 percent valid—which they are not, in my judgment—we still could not afford to discontinue the efforts we have been making, in the face of the dangers before us.

III

Are we all aware, Mr. President, that the Soviet Union is laboring night and day on what is much the same kind of a program, but one whose goals are not freedom, but slavery? Do we all know

that what we have been trying to do in the Republic of Korea, the U. S. S. R. and Communist China are striving mightily with strained energies to outdo in North Korea? Do we all know why they are making this superhuman effort?

They are seeking to demonstrate to the world that their system provides more, and is capable of achieving more, than our own. They are challenging the combined efforts of the United States and of the United Nations in South Korea as a test case for the world to watch. There is a contest now on, as between the two devastated regions of Korea. Extraordinary measures of relief and rehabilitation are being taken by the U. S. S. R. and Communist China. The Republic of Korea has, therefore, become something of a symbol in the Far East, of the ability and determination of the United States and the United Nations not only to resist further aggression, but to restore a war-ravaged ally to economic health.

How many of us, Mr. President, know that the Soviet Union, quietly and without publicity, has been pursuing its own twisted form of technical assistance in Latin America on a scale which, as applied, dwarfs our efforts in a comparable direction? How many of us are aware of the magnitude of the Communist attempt to indoctrinate labor leaders in Latin America? Do we all know that last year the Soviets and their satellites brought to Moscow more than 100 labor leaders from Chile alone to impress upon them the glories of the Communist system, and returned them with hostility in their hearts for us? Yet during that same period, we brought to the United States under our exchange programs only 25 leaders from all of South America. This demonstrates the seriousness with which Soviet communism pursues its nonmilitary tactics.

IV

Mr. President, we have been guided by a number of assumptions which most of us consider to be verified by this time. One of these is that communism thrives on poverty. It may, of course, get a foothold from the outside, without the existence of poverty; but it certainly helps if people are dying of starvation, or if they have been living at a marginal level. And so, we have said to many of these peoples, "We will try to keep you from starving; but more than that, we will help you to keep yourselves from starving. We want to show you how to do that."

Does anyone here assert that there is something wrong with this policy? Yet this is one of the principal nonmilitary features of our foreign-aid program. It seems to me that it is utterly impossible to vote intelligently on the bill before us, unless we have all the facts, and unless we have them straight.

I emphasize to my colleagues the importance of studying the report of the committee, which, as I say, goes into each one of these issues very carefully and explains how we arrived at our conclusions.

Too many of us seem to be under serious misapprehensions as to just what the facts are. And too often opinions

are influenced in this matter by emotional phrases which prejudge the issue, inhibiting a cool, dispassionate appraisal of the evidence.

For these reasons, Mr. President, I should like to devote a few moments to some of the principal charges which have been levied against the mutual assistance program.

It has been charged that the foreign-aid programs of this Government in the years since the war have been a giant boondoggle. Nothing could be further from the truth. Those who take this view are guilty of failing to understand the world in which we live.

Perhaps one of the best ways to understand that the \$34 billion we have invested in foreign aid since the war has paid off, is to ask ourselves in the utmost candor what would have happened had there been no foreign aid. I grant that it is difficult to speculate on what would have happened had there been no aid. But I believe myself that if there had been no aid, the world today would be quite a different place than it now is. Let us look at the record.

First. If the 80th Congress had not approved the Greek-Turkish aid program in 1947, I believe that Greece would surely have fallen to the Communists. That was a wonderful demonstration of the bipartisanship I have always believed in, when all of us stood together behind the President and supported the Greek-Turkish aid program. When that program began, much of northern Greece was in the hands of the Communist guerrilla forces. Today it is a free, sovereign, democratic nation.

I pause here a moment to pay tribute to our beloved late colleague, Dwight Griswold, who for a time served as our representative in Greece during the period of the Greek-Turkish difficulties. The late Senator Griswold rendered outstanding services there in bringing about a military situation that warded off the attacks from the north.

Second. It is more than likely that Turkey would be under complete Soviet domination—if not actual occupation—had it not been for our aid. Russia for decades has sought control of the Dardanelles. After World War II she pressured Turkey in the confident expectation that the gallant Turkish people would be forced at last to surrender control over those vital straits. American assistance put muscle behind the backbone of Turkey.

We have seen since then the wonderful payoff we have gotten from them through their assistance in the Korean struggle, which was evidence of their courage and eagerness to back the western powers in the battle for the freedom of the world.

Third. I have little doubt that but for our help the Communist minorities of Western Europe would have been able to increase their strength, perhaps to the point where some of those countries would today have Communist-dominated governments. There is no doubt in my mind that communism thrives in countries suffering from economic collapse.

In Europe, when conditions looked most helpless, when industry was at a

standstill, when food was scarce, when the people were living amidst the rubble of World War II, and when the Communist partisans were riding high, it was the economic assistance from the United States that was the crucial factor in putting Europe back on her feet.

Fourth. If there had been no American-aid programs, I shudder to think of the situation we today would confront in the Near and Middle East and in south Asia. One need but make a quick visit to these areas to see poverty combined with an intense nationalism.

I pause to reflect upon my own experience. In three trips to the Far East I have come to realize the pressure of populations and the food problem that make those people the ready victims of communism. I reiterate, as I have so many times, that Asia is the key danger spot, because if Asia falls behind the Iron Curtain the rest of the world will be definitely threatened by the onrush of communism.

This situation is an explosive mixture and one which surely would have been used by the Communists as a means of rising to political power. Iran is a classic case. It was American leadership in the United Nations that got Soviet troops out of Iran after the war. It was American assistance that gave the Iranian people an opportunity to have a government that opposes communism instead of a government under the control of the Communists.

I could speculate further on the situation we might face today had there been no aid programs—programs which, I am glad to say, have been supported each year in the Senate by substantial majorities from both sides of the aisle.

Mr. President, American assistance programs have demonstrated that our devotion to freedom is considerably more than lip service. We have shown that we are willing to back with something more than words our insistence that people over the world should be free of Communist control.

Again I refer to the criticism that mistakes have been made and money has been wasted. However, the overall objective has been followed through, and we have reached a place where we can at least look back at the gains that have been made.

v

On the positive side, and not simply on the speculative side, we can note that foreign aid has given us these sure things.

All of this is in the interest of our own security and defense.

First. We have strategically located airbases in the United Kingdom, in France, in north Africa, in Greece and Turkey, and in other areas. Those bases, manned in part by American Air Force personnel and in part by our allies, serve mightily to deter the Soviet Union from military attack on the free world.

Second. We have in the North Atlantic Treaty Organization forces in being which are now strong enough to make the Soviet Union take a good, long look before it would try any rash military moves in Western Europe. The time has passed when the Soviet Union could

march to the shores of the Atlantic in 30 days.

Here, of course, we should pay tribute to President Eisenhower, who was there when we established the NATO programs, and who was the guide and inspiration of the men who organized that important defense of the Western world.

Now General Gruenther has succeeded General Ridgway, after he had served a term. General Gruenther is following through in the same spirit of uniting the forces. We have all kinds of difficulties to meet, as I can testify from my own visit to the area, but I know that when we move ahead and get through our present troubles we will make progress in building up our defense in that area of the world.

Third. In the Far East we have strong allied forces in being in Formosa. Forces are being built in the Philippines, and soon the Japanese people will be ready to assume their share of the defense of free nations. Especially in this area we have very difficult problems, but we are working toward bringing about ultimate solidarity and union of these people to fight for their freedom. Of course, I need not refer again to Korea.

Military assistance to the Philippines has enabled its Government to restrain and largely eradicate the activities of the Communist-controlled Huk movement.

The unhappy events in Indochina are currently before us. Our efforts to prevent the people of Vietnam from falling under the Communist yoke have not prevailed. But we must remember that our program in that region was tremendously handicapped from the start by historical factors relating to the attitude of the local population toward the Western European powers. The people themselves must be given a clearcut choice of something to fight for; they must voluntarily seek to maintain their liberties with an intensity of purpose which was so marked in Korea.

Those who have been there know of the feeling against colonialism and imperialism, and we know that the feeling against colonialism has made it very difficult to work out even with our French allies a solution of the problem. Of course, the French have been blamed for maintaining a part of the colonial system.

Even so, it is beyond question that the French could not have maintained the struggle as they did, and that northern Vietnam would have fallen far sooner than it did, had it not been for our help. Should we now surrender the fight for Southeast Asia, or should we meet the succession of crises by pressing on with a policy of common support for a common danger?

Developing events in this area may make it imperative that action be quickly taken on a large scale in the remainder of southeast Asia. This is one of the reasons why the committee approved of so large a sum for such use as circumstances may require.

Mr. President, departing from my text for a moment, I would say that in all my visits to the Far East and that whole area, I have been impressed with the urge all those people have for freedom

and independence. One thing that any casual visitor senses is their desire to get away from superimposed control and their desire to be free and learn how to run their own nations in their own way and to make their own economic progress.

I would go so far as to say that in my judgment the key to the future peace in Asia will be a free and independent China. I emphasize that. It may take time, but so long as China is a satellite of Moscow, China cannot be free and independent, and China cannot be of aid to the other nations in the area in gaining the freedom and independence for which they yearn.

That is why, Mr. President, we find in this field the authorization of a large sum of money, \$800 million, to be used as a flexible fund in the area, even though the Indochina truce is about signed, and assuming that the war in Indochina has come to an end. We feel that fund should be left largely in the discretion of the President because of events that might occur at any time, such as the recent shooting down of the British airliner over Hainan, because of which the President would need to act swiftly and have the means to do so.

So we are urging on our colleagues in the Senate, as approved by the House, this large fund for the emergency needs that might occur in that very dangerous area at any moment.

VI

Another myth that needs to be exploded is the impression that some, if not all, of the countries receiving our military and economic aid have not been carrying their fair share of the load. Here the prejudiced picture which is painted is one of greedy foreign governments rubbing their hands in anticipation of fiscal manna from the United States. Why, these critics demand, should the American taxpayer have to dig down in his pockets when the rest of the world sits on its hands?

The facts, Mr. President, in my judgment simply do not sustain this lament. Moreover, anyone who presses such a charge is guilty of a distortion which does grave injustice to the people we seek to help. It is precisely because their needs are such as to strain their national budgets to the danger point, that we have found it necessary to do what we can.

Again I want to impress upon the Senate that we are doing this for our own security. It is not merely a charity act, but is for the security of the people of the United States of America.

What is the true situation? Let me give a few high spots.

In Europe at this time the NATO powers alone are providing manpower for over 90 percent of NATO's ground forces, for about 75 percent of NATO's air forces, and a good share of NATO's naval strength. Our NATO allies have produced approximately \$8 billion of military equipment since 1950, in addition to what we have furnished them; and they have expended more than \$35 billion in their collective rearmament effort.

We have had studies made of this matter, and our representatives have gone into it very carefully. It would seem as though our allies had contributed all they could in the light of their economic conditions. We have tried only to fill in the gaps that were left.

Mr. President, do we fully realize what this means? Do we realize how much greater our own effort would have to be, how much heavier the tax load our people would have to bear, if we lost these allies? Or if we tried to induce them to set defense goals so high as to endanger their economies—as, in fact, occurred in 1952?

If Senators will glance at page 23 of the committee report, they will see the kind of effort being made by the European nations. The chart on that page shows how high their tax levels are—in many cases much higher than in the United States, on a comparative basis. Freedom is very expensive.

Elsewhere, throughout the world, similar efforts are being made, though on a relatively smaller scale. In the Near East, for example, where the United States proposes to contribute \$66 million to the technical-cooperation program, the countries themselves will contribute over \$250 million—almost 4 times as much. In other words, in a sense we are showing them how and priming the pump for them, but they are doing most of the work themselves. They are being taught how to take care of themselves. In Formosa, for example, the cost of maintaining a large military establishment by the Nationalist Chinese is consuming almost 60 percent of the combined budgets of the local and central governments. In the Philippines the total contribution by that country for fiscal 1955 is estimated at \$45 million, exclusive of counterpart funds which, in the past, have exceeded its deposit requirements. Our entire program there last year, apart from military assistance, was only \$15 million. So these people are doing their share of the work that has to be done for the security of the entire world.

Much the same is true of South America. Brazil is a particularly striking example. That country is contributing over \$28 million for technical cooperation projects, while we have programmed only one-eighth of that sum.

VII

Mr. President, there are certain other aspects of the program which should be mentioned not merely because of their importance, but because they have not received the general attention which they deserve. Twenty-seven million dollars have been authorized in the bill for promoting the development of weapons of advanced design by our allies, primarily in Europe. These funds will be used to promote research, development, and pilot production of advanced types of modern military equipment in Allied countries. Some highly useful inventions have been found in Europe whose further development and production will be greatly to the advantage of ourselves and our allies.

I regret to say that the House cut out this item in their bill. I am hopeful that

we can restore it in conference, because we had before our committee testimony on this subject which gave us inside information on some of the new inventions and devices that were produced entirely by European inventors. To enable them to do this research work we have made these contributions. I feel that the relatively small amount which is asked to continue this work this year is fully justified because of the great value of some of these extraordinary discoveries to our military effort.

The bill also continues the Government's authority to sell military equipment to foreign governments. Note the word "sell." This beneficial provision provides a means whereby friendly governments which wish to pay for their military equipment may do so. At the same time, the procedure furnishes a check on the military purchases of other governments in the United States.

There is another special feature in the bill which interests our people, particularly those in the agricultural communities. Under the bill \$350 million are earmarked for the purchase of surplus agricultural commodities, which would be in addition to the surplus commodities transferred under the Agricultural Trade Development and Assistance Act of 1954. The money will be used to finance the purchase of such commodities to be sold to friendly countries for local currencies. That is a matter that will probably be gone into further in this debate, but I am referring to it now because it is a very important item and means a great deal to the situation in our country today, caused by enormous surpluses and the need to dispose of them without simply dumping them for prices below what they cost us. Buying farm commodities with these funds will enable us to make deliveries to foreign countries, which will pay counterpart funds for them. So with that program, it might be said, we have a double-barreled approach to that problem.

On the humanitarian side, we have been contributing annually about \$9 million to the United Nations Children's Fund. This is an inspiring enterprise which has already benefited 60 million children through development of adequate maternal and children's welfare facilities, the control of children's communicable diseases, and the raising of nutritional standards for children.

The committee received considerable direct evidence of the valuable work the children's fund has done throughout the world, and the appreciation it has received from the people concerned.

Bear in mind that in every instance where we make a contribution to this United Nations Children's Fund a corresponding contribution, or even more than the amount we put in, is made by the countries that are concerned with this children's work.

VIII

But, Mr. President, while all this has been happening, what of the United States? Have we grown weaker? Has this mutual assistance bled us white? Taking the whole picture into consideration, I should say it has not. Today we stand on a stronger and firmer economy

than ever. In the material things of life we are better off than ever before. And surely on the spiritual side the efforts we have made to strengthen ourselves and our allies have been of great importance.

It has not hurt the American people, spiritually or materially, to lend a helping hand to our neighbors around the world who strive for the same freedom we have cherished and protected so long. This is being done primarily for our own security. As a byproduct of our own security, it means assistance to the other nations, in helping to bind them to us. I know this has been misunderstood, and there are problems to be met along this line. But the fact is that we have done a great good, and it has meant much to the countries abroad.

What about the complaints that the program threatens to become perpetual? It is not perpetual, and we are not going to let it become self-perpetuating.

The committee's position on this point is reflected by its addition to the bill of an amendment which would terminate the activities of FOA by June 30, 1955, a year from last June. That does not mean that we shall not be in the field of foreign aid after that time, but it is planned to terminate the work of the present agencies, and to place the foreign aid in the hands of other departments of the Government, such as the Department of Defense and the Department of State.

We do not want anything like a permanent aid agency. On the other hand, it should be understood that those facets of the program which are still regarded as desirable can be maintained, if Congress so wishes, by appropriations to the departments vested with authority to continue this activity.

Mr. President, we cannot, we must not, relax our efforts to build up the collective security of the free world. The Soviet threat has not diminished; on the contrary, we know it has never been greater. Soviet activities are increasing everywhere. These activities are military, economic, and political. In some areas the free world's position has deteriorated. Our mutual-security program is designed to throw blocks in the path of further Soviet advance. Should we now abandon our efforts to mobilize such strength as we have unquestionably created in Europe and the Far East? Will we now weaken our attempt to maintain that strength? And dare we, then, announce to the free world that we have failed, that we no longer have faith in them and in ourselves, and that we will no longer support them?

I, for one, do not wish to look back at some future date with remorse for having failed to support our friends and this program in the hour of crisis.

The bill presents a program for foreign aid in fiscal 1955. Based upon estimates which were studied by the committee, and upon agreements within the committee as to estimates, we have asked for this authorization. I submit to the Senate that this is a sound bill. The committee recognized the need for reducing the amount of aid, and have moved directly toward a discontinuance of it when the time comes that it can

be done with safety to the United States, according to the best advice we have.

Mr. President, this concludes my formal remarks, but there is one other matter I desire to bring to the attention of the Senate, which was not taken care of in the committee report. It is a matter of some importance.

Since I have prepared my remarks my attention has been called to the action of the House in deleting from the appropriation bill the United Nations technical-assistance program.

I agree with the President that this is a very important program, and I ask unanimous consent that a statement which I have had prepared on this program be printed at this point in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

UNITED NATIONS TECHNICAL ASSISTANCE

The fiscal year 1955 foreign economic-aid bill requests \$17,958,000 for United States contributions to the United Nations technical-assistance program. Of this amount, \$9,958,000 is requested to fulfill the pledge of \$13,861,809 made by the United States to the 1954 program; \$8 million is to be used toward the pledge which we will be asked to make this fall for 1955. The Foreign Relations Committee has recommended approval of the full amount requested.

The House authorization bill approved the full amount requested. The Appropriations Committee of the House eliminated all funds for the U. N. program, and attempts to restore the amount on the floor of the House were unsuccessful because of the parliamentary situation under which the bill was considered.

The bill is now before the Appropriations Committee of the Senate. It is of extreme importance that Senate action be favorable and approve the full amount for the following reasons:

1. If the House action is sustained, the United States will be unable to fulfill its pledge for 1954. This withdrawal of United States support will either virtually kill the program or leave a vacuum which the U. S. S. R. may find to its advantage to fill.

2. Without United States support, programs already underway eliminating disease, combating illiteracy, increasing food production, and otherwise helping underdeveloped countries to help themselves will be halted abruptly. Experts will be brought back from the field. Young men and women scheduled to receive training in this and other free countries which would enable them to help raise the living standards of their own countries will have no opportunity for such training.

3. The underdeveloped countries have seen in this program, as they have in United States bilateral aid, some hope of raising to a minimum level, by their own efforts, the low standards of their own people. They have been encouraged and urged to participate in this worldwide effort to help achieve economic stability and they have contributed generously within their capacities to both the central fund to which we contribute and to the local costs of these programs. When local contributions are taken into account, the United States contribution is about 22 percent of the entire cost of the program. The international technical assistance program was begun in 1950 largely at the initiative of the United States. Our withdrawal from it now can result only in accusations from our friends of bad faith and irresponsibility.

4. The Russian propaganda machine is already broadcasting charges that we are reneging on our commitments since we have

not yet fulfilled our pledge for calendar year 1954. Russian propaganda will be the more pointed in view of the fact that for some years the United States has openly taunted the Soviets, in public meetings, concerning the previous Soviet failure to contribute. After attempting to ignore the program during its first years, the U. S. S. R. found that it could not afford to be aloof from one of the most effective international programs in the economic field. The prestige and international goodwill growing out of this program and the extent to which nonparticipation in the program publicly pointed up the hollowness of the Kremlin's professed concern for the underdeveloped countries finally shamed Russia into making its first contribution last year. It would be disastrous if as the Russians walked in we walked out.

5. United States leadership in the economic and social work of the U. N. will be destroyed. We will be repudiating Presidential and congressional statements on foreign policy in which we have stated that support of the United Nations is a cornerstone of our foreign policy, and United States statements will now be interpreted in other countries as only hollow words issued for political reasons without serious intention.

Mr. KNOWLAND. Mr. President, will the Senator yield, so that I may make a brief statement to the Senate?

Mr. SMITH of New Jersey. I am prepared to yield the floor to other speakers, or I am prepared to yield for questions.

Mr. KNOWLAND. I had understood that the Senator from Rhode Island [Mr. GREEN] might have an inquiry. I merely wished to make a statement for the information of the Senate.

Mr. SMITH of New Jersey. I am glad to yield to the distinguished majority leader for that purpose.

LEGISLATIVE PROGRAM

Mr. KNOWLAND. Mr. President, the Senate is now considering the foreign aid authorization bill. If we make as much progress as is possible during the remainder of the morning and the early afternoon, then sometime during the afternoon, perhaps between 2 and 4 o'clock, I shall suggest that the conference report on the tax bill be considered.

If and when that is disposed of, we shall then return to the consideration of the unfinished business, the foreign aid authorization bill. If it appears likely that work on the foreign aid bill can be concluded at a reasonable hour this evening, we shall endeavor to do so. If not, it will then be my proposal that the Senate recess until tomorrow morning.

In that event, I would recommend that the Senate meet at 9 o'clock tomorrow morning, because sometime during the day, according to advance notice, the so-called Flanders resolution will come before the Senate. I desire, in the morning period, if possible, to dispose of as many conference reports and other legislative matters as possible, because it is quite likely that with several days of general debate on the Flanders resolution, other legislation may be delayed in the Senate.

I desire to have the Senate to be advised, and to have Members cooperate by being willing to meet at 9 o'clock tomorrow morning, so that as much legislation as possible may be disposed of.

I thank the Senator from New Jersey.

MUTUAL SECURITY ACT OF 1954

The Senate resumed the consideration of the bill (H. R. 9678) to promote the security and foreign policy of the United States by furnishing assistance to friendly nations, and for other purposes.

Mr. SMITH of New Jersey. Mr. President, I have had called to my attention another matter on which the House took action in its appropriation bill, as to which I wish to make note in the RECORD at this point.

The House action on the mutual security appropriations bill eliminated the request of \$500,000 for contribution to the United Nations Refugee Emergency Fund. This amount has been recommended by the Senate Foreign Relations Committee.

This fund, which is administered by the U. N. High Commissioner for Refugees, is used to provide the most needy groups of stateless refugees—the aged, chronically ill, and disabled—with supplementary feeding, clothing and other special assistance that the countries of asylum cannot furnish, and to assist in their placement in institutions for permanent care. An estimated 37,000 will be assisted in 1954.

The fund is in a critical period and United States support is essential if it is to continue as an effective program. This relatively small contribution will be of immeasurable assistance in helping many refugees who sought freedom and a chance to reestablish their lives in the free world. It will also stimulate contributions by other countries.

With that statement I have concluded my formal presentation. I shall be glad to yield for questions.

I observe the Senator from Rhode Island [Mr. GREEN] on his feet, so I shall be glad to carry on a colloquy with him.

Mr. GREEN. First, as the Senator's colleague on the committee, I wish to congratulate him on the very interesting summary of the report which he has given orally.

Mr. SMITH of New Jersey. I thank the Senator from Rhode Island.

Mr. GREEN. The Senator from New Jersey has also commented upon matters which have come up since the drafting of the report of the committee on July 2. I have no doubt that as to those matters he is willing to make clear that he is expressing his individual opinion, and not necessarily the opinion of the committee.

Mr. SMITH of New Jersey. I think that is an entirely correct statement. I am not quite clear as to the particular matters to which the Senator is referring; but certainly any remarks I have made about anything which occurred after the committee finally voted on the bill would have to be on my own responsibility, but I hope in the spirit of the committee.

Mr. GREEN. I do not mean to say that I disagreed with the Senator. I simply wished to make clear that his views were not necessarily those of the committee.

Mr. SMITH of New Jersey. I thank the Senator for his comment.

Mr. President, I yield the floor.

Mr. MANSFIELD. Mr. President, I, too, wish to join with the chairman of the committee, the distinguished senior Senator from Wisconsin [Mr. WILEY], and the ranking majority member of the Committee on Foreign Relations, the distinguished Senator from New Jersey [Mr. SMITH], in complimenting the staff of the committee upon the fine, outstanding work they have been doing on this and other measures which have come before the committee.

I think the commendation of Mr. Francis Wilcox and those who have worked with him is well merited. I certainly am deeply appreciative, as are my colleagues, for the excellent work and assistance which they have consistently rendered throughout the years.

Mr. President, during the past 8 years, foreign aid has been an integral part of our policy of uniting with other nations to provide in common for the security of the free world. With economic assistance from this country the states of Western Europe have rebuilt factories, farms, and homes which were destroyed by war. They have repaired economies which otherwise might have been subverted by Communists. Military assistance has helped to build a mutual defense system which so far has staved off Soviet aggression. In short, foreign aid has been a positive expression of our desire to cooperate for economic well-being, peace, and freedom throughout the world.

I have consistently supported the Mutual security program and its forerunners because I felt that the military preparedness and the economic stability which they promoted were in the best interests of the American people. This year, however, I feel that certain changes must be made in the organization and administration of the mutual security program if it is to continue to serve these constructive purposes. The time has come to abolish the Foreign Operations Administration as an independent agency. Continued existence of the FOA creates unnecessary duplication and waste in administration; it threatens to prolong unnecessarily the life of economic aid; and it jeopardizes the success of our foreign policy.

I realize that when a bill involves huge amounts of money, as this one does, and deals with vital questions of foreign policy, it is easy to overlook the details of administration. But the success of any legislation is inextricably linked with the manner of its administration. If the type of organization for carrying out this program can be improved so as to make it more effective and less expensive, I feel we must undertake that improvement before we are justified in providing new appropriations.

The immediate need is to prepare for the termination of foreign aid in an orderly manner. Some of the reasons for this are obvious. Needless to say, continuation of a one-way program beyond the date of absolute need is an unwarranted tax on the resources and people of the United States. The huge financial burden involved in the mutual security program has been alluded to many times in debate in the Senate over

the years. I have long held the view that it should be terminated as quickly as possible.

Nevertheless, the Administration continues to justify its continuance today on the grounds that our national security requires it, not only for 1 more year, but for an uncertain period into the future. An effort is made to prepare the people of this country for an indefinite continuation of grant aid. At the same time an unwarranted and dangerous expectation of continued assistance is built up in peoples abroad. Last year, for instance, the Secretary of State said:

Our mutual security planning must be and is long-range planning. * * * We must think in terms of policies and programs that we can afford to live with for what may be a very long time.

In addition, Mr. Stassen, director of the program, said at about the same time that we might have to help strengthen the rest of the world through a 10-year period.

I agree with the view that we need allies in this world, strong allies in both an economic and a military sense. However, I do not consider an indefinite extension of one-way aid as a practical or effective way of maintaining such allies. One-way aid is a temporary method of obtaining a specific objective. The Marshall plan aid, for example, had as its purpose the restoration of the economies of Europe. That purpose was accomplished successfully and efficiently. The present descendant of the Marshall plan has no such clear-cut purpose, nor does it promise much success. It appears to be largely aid for aid's sake. It must not be allowed to last for a very long time or 10 years, but must be ended in the near future. If it is not replaced by long-range, clear-cut programs, such as two-way trade programs, economic aid can defeat the very foreign policy which it is supposed to promote. It puts proud, independent nations in the position of being eternal recipients of charity. It puts lazy and ineffective governments in the position of not having to exert themselves on behalf of the people they are supposed to serve, since they can count on support from this country. The net effects of continuance of economic aid could be a decrease in the unity of the free nations and their strength, and the postponement of the search for a sound and permanent solution to their economic problems.

Last year, Mr. President, I pointed out that foreign aid had already reached the point of diminishing returns. This year there are signs that our foreign aid is reaping a harvest of division instead of unity; of mutual resentment instead of mutual understanding. Even the increase in the number of weapons and equipped divisions abroad cannot counterbalance these adverse developments.

This year we have an excellent opportunity to make the changes in organization which will allow and encourage the orderly termination of one-way aid. Foreign-aid programs must be integrated with foreign policy to insure the most economic and effective administration of both.

H. R. 9678 presents a much needed codification of existing legislation affect-

ing mutual security. This consolidation will replace what President Eisenhower last year called a patchwork of statutes, and clear up somewhat the hitherto confusing relationship among various parts of the program.

In this new codified bill the President is given broad organizational authority. He could, if he chose, remove from the Foreign Operations Administration all non-military-aid programs and relocate them under the Department of State. However, the President made clear in his aid message of this year that he favored the continuation of the Foreign Operations Administration. In effect, therefore, the foreign-aid bill of this year would petrify Reorganization Plan No. 7 of last year.

I should like to point out that this is actually the first chance the Senate has had to vote on the reorganization. Plan No. 7 became effective, not because the Senate voted for it, but because the Senate did not vote against it.

One major goal of the President's Reorganization Plan No. 7 was to streamline the administration of the various aid programs, and cut down on the duplication, overlapping, and excess personnel which had become apparent at United States civilian posts abroad. The reorganization plan centered all the foreign-aid programs in an independent agency, the Foreign Operations Administration, which actually was a successor to the Mutual Security Agency. Unfortunately, I believe that the reorganization plan of last year went only halfway toward achieving the efficiency and other goals which were promised.

The reorganization of last year served some useful purposes. In the field, personnel has been cut somewhat. This was a constructive step because the huge number of American officials abroad was creating resentment among local people in many areas, as well as in the United States, and causing confusion, waste, and duplication. The functions of the office of the United States special representative in Europe, now known as USRO, for example, were sharply curtailed; its functions are now limited to providing representation for the United States to the North Atlantic Treaty Organization and other multilateral organizations, such as the Office of European Economic Cooperation and the European Payments Union. The number of persons with the rank of Ambassador serving abroad has also been cut down. For a while, this title had become so common in our missions in European capitals that it began to assume comic-opera aspects.

In the countries abroad which I visited last year there was undoubtedly some clarification of lines of authority and some reduction in the duplication of functions at our missions as compared with the previous year. This clarification probably resulted from the reorganization plans.

However, I feel that more can be done in this line if the next logical step were taken and the FOA were abolished, and such essential economic functions as must be continued were given to the Department of State. In fact, if this is not done, I believe that the gains which

have been made will be short-lived. All over the world there are still three principal civilian agencies operating at practically every major post—the Department of State, the Foreign Operations Administration, and the United States Information Agency. As I noted in my report on the Foreign Operations Administration after my study trip to France, Italy, Nepal, and Indochina last fall, the presence of three separate agencies is an open invitation to administrative confusion and duplication. With three parallel offices in Washington, some such duplication already exists in the personnel offices, transportation offices, and other types of administrative services of FOA, USIA, and the Department of State in this country. Unless steps are taken to replace the present hit-or-miss hope for cooperation among these agencies with something more tangible in the way of administrative structure, there will be an inevitable growth of confusion of authority both at home and in the field.

In regard to military assistance, the President has already begun to bring a measure of logic into its administration. He made clear in his state of the Union message that this year he would favor giving the Secretary of Defense primary responsibility for the administration of foreign military assistance, operating with the policy guidance of the Secretary of State. The bill now being considered gives effect to this intent by eliminating the responsibility of the Director of FOA for the continuous supervision and general direction of military assistance.

The change should clear up a heretofore confusing situation. Until now the precise role of the Foreign Operations Administration in military aid was obscure. The Foreign Operations Agency was to receive policy guidance from the Defense Department, and the Defense Department administered military aid; but the FOA supposedly coordinated and supervised these activities of the Defense agency in a kind of administrative merry-go-around. It now is obvious, even to the administration, that the FOA is not necessary for military assistance.

Right here I should like to point out that this administration seems to follow completely different principles for the Department of Defense and the Department of State. There is no reluctance to merge operating and policymaking responsibilities in the same hands in the Department of Defense. In fact, that was the premise of reorganization plan No. 6 of last year concerning the Defense Department.

On the other hand, the premise of reorganization plan No. 7, as well as plan No. 8, which set up the independent United States Information Agency, was that the Department of State should not have operating responsibilities; that in the field of foreign affairs, operations and policy should be separated. I should like to quote from the report of the House Committee on Government Operations on reorganization plan No. 7—a report, Mr. President, which was far from enthusiastic about the plan:

The committee noted that the basic concept underlying the changes proposed in reorganization plan No. 7 is diametrically opposed to that which was presented in reorganization plan No. 6 (Department of Defense). In plan No. 6 the argument was made that policy and operations were inseparable to the degree that policy responsibility must be vested in the same officials who were responsible for day-to-day operations. By contrast, the emphasis in plan No. 7 is on a separation of policy responsibility from operational functions.

The same split philosophy is revealed again this year. The military assistance programs now have been clearly made the responsibility of the Department of Defense. However, the FOA continues to administer the nonmilitary aid programs, even though they are just as much a part of our foreign policy as military assistance is a part of our defense policy.

There is no reason why the State Department could not handle operating programs as does the Defense Department. I cannot subscribe to the philosophy that foreign policy can be made only in an ivory tower insulated from contact with the programs which carry out that foreign policy. It is, as I have mentioned before, extremely wasteful in concept because it necessitates duplication of functions both here in Washington and abroad. Beyond this, it prevents an integrated policy and program. It is entirely possible that the left hand frequently does not know what the right is doing.

I certainly agree with the President that the Department of State should develop and control foreign policy. However, I do not believe that this aim can be accomplished by taking away functions so intimately linked with foreign policy as foreign aid and the information program. I think this separation of policy and operations accounts for many of the complaints that the United States speaks, not with one, but with multiple voices abroad. How can we expect to have a unified, integrated foreign policy when the Secretary of State refuses to assume responsibility for foreign operations?

I believe further that the separation of policy and operations accounts for certain failures in our foreign policy. It partially accounts for the failure of our aid in Indochina. There, although we provided ample military and economic aid, it failed to prevent a Communist victory. In part, this may be because it was aid given in a political vacuum. Some of the materials which we supplied to Indochina now rest in part in Communist hands as a result of defections; some have been blown up by the retreating non-Communist forces. How many millions of dollars of aid paid for by the American people was wasted this way? Is this the result of aid insufficiently integrated with foreign policy?

Another example of the disastrous effects of the separation of policy and program in foreign affairs is the decreasing effectiveness of the point 4 program. Recently I have been very disturbed at the reports I have read and even situations which I have seen for myself which

I attribute largely to point 4's location in FOA—reports that the point 4 program has lost its identity; that the core of the staff has been dismissed; that its humanitarian aspects have been buried by the cynics; that the program is becoming a single-agency operation, rather than a coordinated effort among various Government agencies; that the long-range character of the program has been sacrificed for immediate ends. Indeed, the executive branch this year in presenting its development-assistance program—a name to camouflage economic aid—stated that development assistance is required to make possible, or to accelerate, projects or activities of the point 4 type.

I would be more confident that the point 4 program, as is provided in the pending bill, and all our foreign-aid operations were supporting our foreign policy, if they were actually within the Department of State. The lines between policy and operation can never be distinctly drawn; and no amount of attempted coordination between FOA and the Department of State, no matter how well-intentioned, can substitute for actually making the two part of the same administrative structure. Is it necessary that the State Department administrative structure be duplicated by another administrative superstructure for an independent Foreign Operations Administration?

Not only could the Department of State administer the program more efficiently at the present time, but it would be in a much better position to terminate the programs when they should be terminated, on their own merits. The termination would work less hardship on the personnel of the FOA if they were within the Department of State, with opportunities for absorption into other activities.

President Eisenhower recently said that 79 percent of the new appropriation for foreign aid will be used for programs essentially of a military nature. However, as we know, a large amount of outright economic aid continues under the guise of such euphonisms as "direct forces support," "mutual defense support," and "development assistance." Much of this is really economic assistance given what the FOA probably believes are more palatable names. Administration of this assistance forms the major responsibility of the Foreign Operations Administration. If it ceases or is severely curbed, as it soon must be, the agency's functions for all practical purposes would come to an end.

There would remain only the small-scale, long-range programs, such as point 4, which are housed in FOA. Would point 4 then be used as a justification for continuing FOA as an independent agency? Would the tendency be to expand this program into a massive operation, independent of foreign policy considerations, in order to retain the agency?

If all of FOA's functions were housed in the Departments of State and Defense where they should be, then the temporary programs could be ended without

disrupting the whole department, without working a shocking hardship on the personnel involved. Moreover, sound long-range programs like point 4 would not be jeopardized by obscuring them in temporary programs which until the administration changed its mind last year everyone seemed to agree should go.

If we do not take these necessary organizational steps to bring our foreign-aid programs to an end in an orderly way, we may, Mr. President, be confronted with a decision to bring an end to them with no adequate preparation, undoing much of the good which has been done to date. As of June 30, the committee report notes an estimated unexpended balance of over \$9.7 billion. Let me repeat that figure—an estimated unexpended balance of over \$9.7 billion.

Thus, without additional appropriations, there would be almost three times, three times this year's requested appropriation available for liquidation in accordance with last year's bill.

If we add to this figure of \$9.7 billion the \$3.1 billion authorized by the pending bill, there will be a grand total of \$12.8 billion available to spend. If the program is terminated over the next 3 years, in the case of military assistance, and the next 2 years, in the case of economic assistance, as provided in the present bill, over \$4 billion will be available each year for expenditure. Even if one considers only the unobligated carryover of \$2.6 billion, plus the \$3.1 billion of new money, the total of \$5.7 billion would need to be obligated at the rate of nearly \$2 billion annually to be exhausted at the end of 3 years.

I know the arguments against this reasoning—that the unobligated funds have been programed and other nations expect the assistance.

What I say is that we must have the kind of administration of these programs that will think of them as something temporary and to be terminated the instant our national interest requires. Unless we can have that kind of assurance, and we cannot, in my opinion, have such assurance as long as FOA continues, it becomes necessary to fix a legislative termination date for the programs.

That is what this legislation does.

Mr. President, when the Committee on Foreign Relations considered the bill now before us, I offered two amendments for consideration. One of those amendments concerning the termination of foreign-aid programs was adopted. Since its adoption there have been a good many questions raised as to its purpose. There have also been intimations that I did not know what I was doing in submitting the amendment and suggesting that members of the committee had something put over on them. I am sure that a vigorous effort will be made in conference to delete my amendment or to have the conference report interpret it out of existence.

So there may be no doubt as to what the amendment does and so that it may be clear what the amendment is de-

signed to do, I propose to discuss it briefly.

According to figures supplied by the Department of Commerce, this Government has since the war given about \$34 billion of aid to foreign countries. For the most part this aid has been administered by independent agencies of the Government which, in the initial stages, at least, were viewed as temporary agencies. But as time has gone on these agencies have tended more and more to assume a permanent character.

While it is true that the Economic Cooperation Administration was abolished, it was succeeded forthwith by the Mutual Security Agency. Most of the same people were in the same jobs, in the same buildings, at the same desks, and with the same telephone numbers. In time, the Mutual Security Agency gave way to the Foreign Operations Administration. Under Reorganization Plan No. 7 of last year, the FOA was given some permanent-type programs, such as the technical assistance program, to operate.

What has been happening gradually is that temporary agencies are giving way to permanent agencies, emergency programs are becoming permanent programs—in short, the philosophy is gradually being developed that foreign aid is something we must always have with us, like the post office, or the Department of Agriculture.

Members of Congress have been worried by this process. Their concern, it seems to me, has had two interrelated aspects.

First. They have felt that the continuation of an independent agency for the operation of foreign aid programs makes it difficult to stop foreign aid when it is not necessary. The psychology of an independent agency such as FOA is almost automatically to think in terms of the foreign aid to be recommended each year. It does not ask whether foreign aid is necessary. The agency is concerned rather with where foreign aid is to go, and how much. It is not likely to approach the job of programing foreign aid for country X by asking if aid is necessary. It is more likely to decide that country X should have aid because country Y is already getting aid.

The first concern of many Members of Congress, it seems to me then, is how to get rid of the idea that there must be an independent agency for permanent foreign-aid programs.

Mr. SYMINGTON. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. SYMINGTON. I am sorry I was not present during the first part of this discussion, but I read the statement of the distinguished Senator from Montana with great interest.

Does he not believe that, rather than create new agencies to handle problems that are not being well handled by old agencies, it is better to straighten out the problems of administration and organization in the old agencies and have them handle it?

Mr. MANSFIELD. That is my idea exactly.

Mr. SYMINGTON. Mr. President, I note in a report which the distinguished

senior Senator from New Hampshire [Mr. BRIDGES] and I made after a recent trip abroad, that we said that it came to the attention of the subcommittee that at one time there were 4 American representatives in Paris with the rank of ambassador.

Mr. President, that may have been a mistake, because some persons said there were five. In any case, I should like to ask my distinguished colleague if he does not think that this dissemination of authority and responsibility in the various countries abroad tends to create red tape and bureaucratic inefficiency as against consolidating it into relatively few hands?

Mr. MANSFIELD. There is no question about what the distinguished Senator from Missouri has just said. I agree with him entirely.

I should like to say there were 5 ambassadors, including our Ambassador to France, in Paris, and in addition there were 19 ministers attached to the Mutual Security Agency. I think this administration is entitled to much credit for getting rid of that excess baggage and bringing back this agency to where it belongs; but, in my opinion, it should go further and abolish the FOA, and the functions which must be continued, should be continued in the Departments of State and Defense.

Mr. SYMINGTON. Mr. President, I should like to ask my distinguished colleague one other question.

In the hearings which have been held before the Armed Services Committee, the details of which I shall not go into, because they were executive hearings, nevertheless there were some implications from representatives of the administration that the purpose of the proposal of the distinguished Senator from Montana had to do, in effect, with the reduction or the elimination of foreign aid.

It is my understanding that the basic purpose of the position taken by my distinguished colleague has to do with structural reorganization in order to have better functioning as against the reduction or elimination of foreign aid. Am I correct in that understanding?

Mr. MANSFIELD. The Senator is absolutely correct. It is my purpose to bring about an elimination of duplication and overlapping of costs. It is also my purpose to place in the hands of the President responsibility, through the Departments of Defense and State, to do whatever may be necessary to achieve foreign policy objectives. Therefore I believe the aid program can be reduced tremendously, and at the same time it can be used more effectively in furthering our foreign policy.

Mr. SYMINGTON. Mr. President, if I may interrupt the distinguished Senator from Montana again, as I understand, he believes that we could reorganize and streamline—as could be done in a business, for example—the whole foreign aid structure, and in that way we could reduce the amount of money foreign aid is costing the American taxpayer, while at the same time increasing our military protection abroad. In other words, we could get more for our dollars in foreign aid. Am I correct?

Mr. MANSFIELD. The Senator is absolutely correct. Let me cite some figures. On the basis of the report issued by the House Committee on Appropriations last week, I have before me an item relative to what is called June buying on the part of FOA, which indicates that buying is speeded up in the last month of each fiscal year, in order to get rid of funds.

As a basis of comparison I call attention to the fact that in July of last year a total of \$50 million was spent by FOA for military and economic and technical assistance, whereas the total in June this year, the last month of the fiscal year just past, the total, as compared with \$50 million in July of last year, was \$1,179,000,000.

What they do is get the funds. While we are talking about raising the debt ceiling and balancing the budget and reducing taxes, and they have \$12 billion to play with, and they hold their buying up until the end of the fiscal year, and then they make a big splurge. I suppose they have an explanation for it, but I would rather get the explanation from a permanent agency than from an agency that is supposed to be temporary.

Mr. SYMINGTON. I thank the distinguished Senator from Montana for yielding to me, and I am very much impressed with his logical and detailed presentation with respect to the importance of reducing the number of agencies, and increasing the efficiency of the agencies that are left.

Mr. MANSFIELD. The Senator from Missouri, as always, is most kind and considerate.

The second concern of many Members is that the executive branch of the Government as a whole seems to have accepted the idea that foreign aid will always be with us. There is a belief that there is no alternative to foreign aid. There may be talk about trade, not aid, but fundamentally the belief persists that there is no alternative to continuation of big aid programs for many, many years.

During hearings on this aid bill I pursued this question with Mr. Dulles and with Mr. Stassen. Both of them, as I have indicated, took the position that foreign aid must continue into the indefinite future. I took the position not only last year but I take it this year as well.

Mr. President, the more fundamental of these two concerns of Members of Congress, is that the philosophy of continuous, unending foreign aid is becoming engrafted upon our Government. The independent agency which tends to become permanent is a symptom of this situation, not a primary cause.

Last year the Senate adopted an amendment which I proposed setting June 30, 1954—29 days ago—as the time when authority conferred by the Mutual Security Act should expire, except insofar as powers might be continued for purposes of liquidating the programs. It was specified that liquidation of the military programs would need to occur within 36 months, the economic programs within 24 months.

Despite the explicit language of the amended provisions, the administration

proceeded as if the words of the law did not mean what they said. They seemed to assume that somehow the Congress did not know what it was doing. The Foreign Operations Administration continued in business as if nothing was meant by the language. The President gave the FOA new operating responsibilities of a permanent character. And this year, the FOA came back to Congress proposing that most of the same programs be continued on the same basis, except that there should be no termination date fixed for the programs.

Mr. President, I had under consideration two amendments to present to the Committee on Foreign Relations. The first amendment simply provided that the Foreign Operations Administration should be abolished as of December 31, 1954—roughly 5 months from now. I hoped, by pressing for this amendment, to eliminate an important symptom of foreign-aid psychology. It was my thought that if FOA were abolished, we might anticipate that the Departments of State and Defense would approach the problem of foreign aid, not as if it were a permanent part of Government operations, but rather as something special, to be relied on in special circumstances and to meet specific needs.

There were objections to that amendment. Five months was believed to be too short a period to terminate FOA despite the fact that the legislation last year fixed June 30, 1954, as the date when aid programs were to terminate—thus making the independent agency of FOA unnecessary.

I decided then that I should offer my second amendment, reestablishing a date for termination of foreign aid, a year later than the date fixed last year. The amendment I presented was adopted. By shortening the military aid termination period from 36 to 24 months, and the economic aid termination period from 24 months to 12 months, I believe expression is still given to the language in last year's bill.

Mr. President, a good many people have come around to me and said: "You don't really mean that military and economic assistance are to end, do you? What you really want is to abolish FOA and have military-aid programs administered by the Defense Department and economic-aid programs to be administered by the State Department."

As clearly as I can set it forth, Mr. President, here is what I want, and what I believe the amendment provides:

First, except for technical assistance and a few other programs, foreign aid is to end as of next June 30. The amendment belies the proposition that military and economic foreign-aid programs are a permanent part of the foreign policy of this Nation.

Second, the amendment makes it reasonable to expect that the President will take immediate steps to abolish FOA as an independent agency of this Government and transfer its residual functions elsewhere, because, there being no foreign military and economic aid programs authorized beyond next June 30, there will be no need for such an agency.

Third, if there is a need next year for any additional military aid to selected

countries, it would be logical to expect that the Department of Defense, in cooperation with the Department of State for its guidance in the foreign policy implications of such aid, would present specific, limited military assistance programs to the Congress.

Fourth, if there is need next year for any additional economic-type assistance programs to selected countries, the Department of State would present such programs to the Congress for its consideration.

Finally, Mr. President, this amendment makes it clear that the technical cooperation program—point 4—is to be administered by the Department of State. That program, under the terms of the amendment, has a long-term license—or at least, a no-term license as of now—to continue operations to the extent authorized by annual appropriations.

Mr. President, I anticipate that next year the Congress will give careful attention and consideration to any recommendations the President may make with respect to specific foreign military aid requests and requests for economic assistance to foreign countries in special cases.

I hope that the executive branch of the Government will get the idea from our action this year, however, that Congress and the American people cannot accept the concept that foreign aid is a permanent part of the foreign or military policy of this Nation.

Mr. GILLETTE. Mr. President, I wish to compliment my distinguished colleagues, both members of the Foreign Relations Committee, who have spoken today, and to say that I know they have contributed much to the discussion of the matter that is before the Senate.

I am going to vote against this bill. I do not know whether any other Senator is going to vote against it or not, but my vote shall be cast against it. I am not so naive as to believe that anything I may say will influence the vote of any Senator. Neither am I intending to try to influence any Senator's vote. I merely feel that it is my duty to make a statement as to the reasons which impel me to vote against this measure when it comes to a vote in the United States Senate.

It is not my intention, Mr. President, to use the Senate's time in detailed discussion of this pending measure and the many ramifications of the projected aid. This bill is misnamed the Mutual Security Act of 1954. That title is a euphemism for a military foreign aid program designed to authorize the reappropriation of \$9,700,000,000 of unexpended balances heretofore appropriated for foreign aid, including more than \$2,100,000,000 of this amount which is unobligated, and to add to this monumental authority the authorization for the appropriation of \$3,100,000,000 of additional dollars of the money of the American people to be poured down the apparently bottomless drain of American resources into purposes and places that can best be described now as points of no return.

It is axiomatic to say that these dollars must come out of revenue raised by

tax levies on our people currently, or be passed on to our children and generations of their children in the form of an unmanageable and unpayable public debt; this debt, in its turn, to hang like a Damocles sword over the Nation's economy, forcing it to struggle against the temptation to wipe out the debt through the device of ruinous inflation.

Oh, I realize, Mr. President, that many of my colleagues will say, "Why, Mr. Senator from Iowa, do you take the time of the Senate to restate what has been said over and over again, and restate facts with which we are fully familiar? What alternatives do you propose? What other recourse do we have? Where in the free world of associated nations is there a country with a surplus of resources from which can be financed the struggle of free people to avoid being engulfed by a tidal wave of communism?"

I want to ask a question by way of reply to these queries and related to our present leadership in the free world financial stability.

Granting that we alone of the free world nations have the surplus of resources in sufficient and usable amounts, to finance the struggle against Communist domination, of what value will be the Nation's leadership when we reach the inevitable time when we will be sighting, or even scraping, the bottom of the barrel of the resources of the American people?

Mr. President, if there was the slightest reason to hope that this bill would represent the end to the vast outpouring of the Nation's resources, there might be at least a semblance of justification for its passage. But every Senator knows that each and every time one of these foreign aid bills has been before the Senate for approval, Senator after Senator on both sides of the political aisle has risen to state that, much as he deplores the legislation, he would go along this one time but never again, never again.

I have heard many Senators stand on this floor in the discussion of previous foreign aid bills and make this statement in various forms. "I am going to vote for this measure under protest but it is the last time that I am going to vote for such expenditures." Well, here it is again, Mr. President, and not one single witness before the Senate Committee on Foreign Relations, from the State Department, from the Defense Department, from the FOA, or any other agency, would hazard any guess whatever as to when there would be an end of the supposed need for a continuation of our spending billions of dollars in so-called foreign aid. And not one, Mr. President, even dared hazard a hope that the end would soon be in sight.

Mr. President, there are only two ways of balancing either an individual or a national budget and wiping out existing debt—either find ways to raise additional revenue, or curtail the expenditures that are continually building up the deficit.

Mr. President, I wish to refer to some of the historical background on which this legislation is based. On the 5th day of June 1947, a great American, our former Secretary of State, George Catlett

Marshall, at the commencement exercises of Harvard University, made these statements:

Europe's requirements for the next 3 or 4 years, of foreign food and other essential products, principally from America, are so much greater than her ability to pay, that she must have substantial additional help or face economic, social and political deterioration of a very grave character. The consequences to the economy should be apparent to all. It is logical that the United States should do whatever it is able to do to assist in the return of economic health to the world, without which there could be no political stability and no assured peace. Our policy is not directed against any country or doctrine, but against hunger, poverty, desperation and chaos. And an essential part of any successful action on the part of the United States is an understanding of the problem and the help to be applied. Political passion and prejudice should have no part whatever.

In November of the same year, 1947, Secretary Marshall, before a joint session of the Foreign Affairs Committees of the Congress, said in part:

We have become involved in two wars which have had their origin in the European Continent. The free peoples of Europe have fought two wars to prevent the forcible destruction of their communities by a single great power. The need for our assistance in the European area is real and is urgent. To deny today our interest in their ability to defend their own heritage would be to disclaim the efforts and sacrifice of two generations of Americans.

The war ended with the armies of the major allies meeting in the heart of the European community. The policies of three of them have been directed to the restoration of that European community. It is now clear that one power, the Soviet Union, does not for its own reason share this aim. The record of the endeavors of the United States to bring about a restoration of the European community is clear for all who wish to see.

Thus, Mr. President, the Marshall plan of 1947.

I am confident that the people of the United States in overwhelming number approved and endorsed the statements and purpose of the Marshall plan. But now, Mr. President, 7 years, 5 foreign bills, and \$40 billion later, we have before us another bill to provide additional billions for what is called mutual security.

But any analysis of this bill will disclose little or no reference to the lofty purposes of the Marshall plan. The emphasis is on military preparation in areas extending three-fourths of the distance around the globe. One can search this bill from beginning to end and find few of its provisions referring in even remote degree to economic rehabilitation, Marshall plan aid, reestablishment of commercial or financial or productive stability—but abundant evidence will be apparent on every page of increased and extended commitment in geographical area and in dollar amounts to support an extension of military machines over 5 continents.

Now let us approach the present bill along another channel, the channel of the historic background of our international purposes and policies.

August 14, 1941: The President of the United States and the Prime Minister of Great Britain presented to the world

the ringing statement of principles known as the Atlantic Charter and hailed by all the world as a charter for peace.

Listen to the eighth and closing pronouncement:

We believe that all the nations of the world for realistic as well as spiritual reasons, must come to the abandonment of the use of force. Since no future peace can be maintained if land, sea and air armaments continue to be employed by nations that threaten or may threaten aggression outside their own areas, the disarmament of such nations is essential and we will aid and forward all practical measures which will lighten for peace-loving peoples the crushing burden of armaments.

January 3, 1942: Twenty-six nations, including our own, issued a joint declaration subscribing to the declaration of principles known as the Atlantic Charter. These are the principles that I have just quoted.

September 21, 1943: The House of Representatives passed the Fulbright resolution providing that they favor "the creation of appropriate international machinery with power adequate to establish and maintain a just and lasting peace among the nations of the world and the participation of the United States therein through its constitutional processes."

November 1, 1943: The United States, the United Kingdom, the U. S. S. R., and China declared:

That they recognize the necessity of establishing at the earliest possible date a general international organization based on the sovereign equality of all peace-loving states and to bring about a practicable general agreement with respect to the regulation of armaments in the postwar period.

November 5, 1943: The Senate of the United States passed the Connally resolution which provided that the Senate "recognizes the necessity of there being established at the earliest practicable date a general international organization for the maintenance of international peace and security."

June 26, 1945: The United Nations Charter declared its purpose to be to maintain international peace and security and to take collective measures for the prevention and removal of threats to world peace and to refrain from the threat or use of force against the territorial integrity or political independence of any state or in any other manner take action inconsistent with the principles of the charter.

June 11, 1948: The Senate of the United States passed the Vandenberg resolution reaffirming the policy of the United States to achieve international peace and security so that armed force shall not be used except in the common interest of the United Nations and that maximum efforts to obtain agreement among member nations for reduction of armaments be taken with adequate and dependable guarantees against violation.

I shall not use the time of the Senate to discuss the Truman doctrine of 1947, or the Greek and Turkish relief legislation, or the European Recovery Act of 1948, except to quote from President Truman's message of December 19, 1947, to the effect that our purpose was to

minimize the financial cost to the United States of foreign aid and at the same time to avoid "imposing on the European countries financial burdens which they could not carry in the long run."

In the same document, he warned of the necessity to be careful to conserve the physical resources of the United States and minimize the impact of foreign aid on our Nation's economy. President Truman, in his message, said that while the burden on the American people should not be ignored, it should not be exaggerated and should be kept well within our resources, for us to safely meet the demands and to bear in mind that such demands could not be supplied indefinitely and to be assured that the demands on our people would rapidly decrease.

April 3, 1948: We passed the Foreign Assistance Act of 1948 "to promote world peace and our national interest through economic, financial and other measures necessary to the maintenance of conditions abroad in which free institutions may survive and be consistent with the maintenance of the economic strength and stability of the United States. This measure declared its purpose to be "the furnishing of material and financial assistance abroad in such manner as to aid them through their own individual and concerted efforts to become independent of outside assistance through the operations under this title."

Now let me rapidly refer to the China Aid Act of 1948, the Far Eastern Assistance Act of 1949, the Act for International Development, the Palestine Refugee Act of 1950, the Famine Relief Act of 1953, the Pakistan Wheat Act of 1953, the Refugee Relief Act of 1953, and so on and so on. Most of these acts were, in my opinion, justified, but they added to the drain on the American taxpayers which was inherent in the foreign aid policies which we had theretofore adopted.

But I wish to call attention to the rapid transmutation of our purposes and policies from relief, rehabilitation, and economic stability abroad to the declared purpose of building purely military strength in other countries of the world.

Now listen to the purposes of foreign-aid legislation as set out in our legislation of the past few years as distinguished from our protestations of purpose in the legislation which I have cited earlier in this talk.

The Mutual Defense Assistance Act of 1949 declared that while we still believe that armed force should not be used in the common interest for world peace under the United Nations Charter, yet "additional measures based on mutual aid should take the form of military assistance essential to enable the United States and other nations dedicated to the principles of the United Nations Charter to defend these principles and to continue to exert maximum efforts to provide the United Nations with the armed forces contemplated by the charter provisions."

The Mutual Security Act of 1951 reaffirmed these purposes but added that we particularly had in mind "authorizing military, economic, and technical

assistance to friendly countries to strengthen mutual security of the free world." Let us keep in mind the rapidly changing emphasis from economic and technical aid, from the Marshall-plan aid, from relief and rehabilitation programs, to the accenting of military aid as the chief and foremost objective of the aid programs.

Also, a relatively new factor appeared, which I shall refer to more at length later in this talk, the factor that while assigning aid for certain areas and purposes, the legislation empowered the President to transfer certain percentages of authorization to other purposes and to other areas.

June 20, 1952: We enacted the Mutual Security Act of 1952.

June 16, 1953: We approved the Mutual Security Act of 1953.

Now we have before us the Mutual Security Act of 1954. Here again is the reaffirmation of formerly stated purposes, but with a transfer of emphasis from the European area to the Asian area; and there reappears, with additional emphasis, the purpose to furnish military aid not only to friendly nations but also to international organizations at the President's sole discretion, without the faintest guidance or limitation of the discretion of the President, excepting the general objective of promoting the foreign policy, security, and general welfare of the United States.

What foreign policy, Mr. President? What type of security, Mr. President? What type of general welfare, Mr. President?

Do these words deal with the domestic or international welfare? The military welfare? The financial, commercial, industrial, or economic welfare? Not a line or a word of guidance to the President in the handling of these immense funds, except the language I have just quoted from this bill: "promoting the foreign policy, security, and general welfare of the United States."

Mr. President, I have reviewed some of the historical background of our foreign-aid programs, not alone to call attention to the changes in purpose, changes in areas and changes in emphasis on use of the funds, but to point to the grand total of the results of these programs. Gross foreign aid which we have furnished or authorized from July 1, 1940, to December 31, 1953, is the unbelievable sum of \$118,500,000,000 from the resources of the American people; \$49.2 billion of this amount pertained to World War II.

We have received in return from reverse and return grants and repayments from July 1, 1946, to December 31, 1952, \$12,400,000,000 leaving a net expenditure in foreign aid of \$106,100,000,000 to which we now propose to add \$3,100,000,000 more.

Mr. President, when I tell the people of my State of Iowa of these figures, and they ask of me what this expenditure of over 100 billion of their dollars bought for them and their country, and I reply that it bought time to build up free world dikes against the flood of communism, where will I tell them that these dikes have been constructed? What will I tell them as to how effective

these dikes have been or will be? Outside of South Korea where, with 140,000 American casualties and with no help from the great majority of the United Nations signatories, we threw back a tidal wave of aggression of Communist hordes, what areas have we recovered from Communist dominance?

Have we effectively cemented into more integrated solidarity and friendship the nations of the world that are still free?

What surcease can we hope for from this continued drain on the American people which now takes the form of emphasis on military alliances that never have and never will last any longer than the crumbling of the cement of fear which originally brought them together?

Is there no longer merit in the lofty purposes of world cooperative efforts for peace? Outside of the strong, clear voice of Ambassador Cabot Lodge, seldom indeed do we see or hear any reference to the United Nations and its machinery in connection with our foreign policies now or in the future.

I am fully cognizant of the repeated statements that the Soviet Embassy will not allow us to use United Nations machinery; but I have scant patience with such pronouncements, until we ourselves have made every effort open to us to use to its fullest value and extend the organization that, however inadequate, represents the highest point yet attained by civilized men in their efforts to bring peace and permanent peace into the world.

Mr. President, I shall now refer to two particular provisions of the pending bill to which I strenuously object. I shall be brief because I have learned, from previous experience with my colleagues of the Senate Foreign Relations Committee, that no one of my colleagues on that committee is in agreement with me, and it is not reasonable to expect that I could, by a prolonged discussion, influence a single vote on the Senate floor in presenting my objections to the transferability provisions of the proposed legislation.

Witnesses who appeared before us in committee from the executive department, all of my colleagues on the Senate Foreign Relations Committee, and the members of the House Foreign Affairs Committee—each and all insist that these transferability provisions bring a flexibility to the act and its uses which is essential to the proper use of the funds which are authorized.

Those persons argue that the world picture of aggression and threatened aggression, war and threatened war, is changing with kaleidoscopic rapidity, and that we must not place the executive department in a straitjacket by compelling the President to spend these funds in areas and in amounts strictly defined by the bill. They assert that funds designed for certain purposes might well become unnecessary and unneeded for those purposes and greatly in demand somewhere else. They say that such changes in need might well develop while the Congress was not in session, and great possible harm might result from the inability of the President

to act expeditiously in transferring the funds for use in other threatened areas.

I admit a measure of logic in this argument, Mr. President, but to my mind these conclusions are not tenable after analysis.

From the very beginning of democratic representative government as we know it, every safeguard in both written and unwritten constitutions has been placed around the power to levy taxes on the people, to raise and support armies, and to authorize the withdrawal of funds from the public Treasury. Without exception, these powers were and are strictly limited to the public servants and officials who were and are closest and most immediately answerable to the people whose wealth and resources are being officially commandeered.

Let us keep in mind, Mr. President, some of these sound pronouncements of our own Constitution.

The very first sentence of the American Constitution states that all legislative powers shall be vested in the Congress of the United States, and throughout this great document appear such provisions as the following:

All bills for raising revenue shall originate in the House of Representatives, but the Senate may propose or concur in amendments after the House has acted.

The Congress shall have the sole power to lay and collect taxes, duties, imposts, and excises and to pay the debts of the United States.

The Congress shall have the power to borrow money on the credit of the United States.

The Congress shall have the power to define and punish offenses against the law of nations.

The Congress shall have the power to declare war and to raise and support armies. The Congress shall have the power to maintain and provide a navy.

The Congress must be sure that no money for the raising and supporting of armies shall be appropriated for a longer period than 2 years.

The Congress shall have the power to make rules for the Government of the land and naval forces, and to provide for organizing and arming the militia, and for governing such part of these as may be employed in the service of the United States.

No direct capitation or similar tax shall be laid excepting on the basis of population census, and no money of any kind shall be drawn from the Treasury of the United States but in consequence of appropriations made by law, and a regular statement of such expenditures of public money shall be published, and the Congress shall have the sole power of disposing of the property of the United States.

As against this long list of securities thrown around the exercise of legislative power to dispose of the property of the people, particularly for military uses, there is only one provision in the entire document pertaining to the executive department in this connection, in the statement that the President shall be Commander in Chief of the Army and the Navy of the United States and the militia when called into actual service of the United States.

Pursuant to those various constitutional mandates, the legislative branch of our Government has evolved certain procedures for the appropriation of money from the Public Treasury. Departments and agencies prepare their respective budget estimates for a fiscal period. These estimates are detailed as to purpose, use, and time of availability. From these various budgetary estimates the problem passes through the Budget Bureau, the Office of the President of the United States, the various authorization committees of the Congress, and the congressional Appropriation Committees. The various sums are made available for specific uses.

Why all this careful study and preparation for appropriation of money if the money is to be made available in a lump sum, to be used at the discretion of some executive agent?

Listen to the language of this bill. Section 106 (d) reads:

Whenever the President determines it to be necessary for the purposes of this title, equipment, materials, and services of a value not to exceed 15 percent of the sum of (1) that portion of the unexpended balances referred to in section 103 (a) plus \$1,265,300,000 (with certain minor exceptions) may be furnished in some other area or areas.

Section 501 (a) of the bill provides:

Whenever the President determines it to be necessary for the purposes of this act, not to exceed 10 percent of the funds available under any of the first 3 chapters of title I, title II, title III, or title IV may be transferred for the purpose of furnishing assistance of any of the kinds authorized under any other such chapter or title and may be consolidated with any appropriation available under the chapter or title to which such funds are transferred. * * *

(b) Whenever the President determines it to be necessary for the purposes of this act, not to exceed 10 percent of the funds available under any section of chapters 2 and 3 of title I, or any section of title II, title III, or title IV, may be transferred from such section to any other section of the same chapter or title or from any geographical subdivision to any other geographical subdivision of the same section, and may be consolidated with any appropriation available under the section or for the geographical subdivision to which such funds are transferred.

What do these provisions mean? They mean that within the percentage limitation and pertaining to the major portion of the \$9,700,000,000 of unexpended balances, plus the \$3,100,000,000 of additional funds provided by this bill, the President, in his own discretion and on his own motion, in the language of the committee report found on page 6 "is given general authority to transfer up to 10 percent of the funds made available for any purpose to any other purpose and from one area to any other area for the same purpose and up to 15 percent of the funds for military assistance may be transferred from one area to another."

Is this procedure a proper exemplification of our responsibility as a legislative body under the Constitution? Have we the moral or legal right to abdicate, renounce and shirk the duty we swore to perform? Why, Mr. President, under these attempts to remove the responsibility from our shoulders to the shoulders of the President we have authorized and

given preapproval to such incidents as this one; after hearing painstaking testimony last year on the need for funds in the Indochina area, and after carefully sifting the need, we authorized the appropriation of \$400 million for that area, but the President added \$375 million under his then transfer authority and added to these sums end items already fabricated to bring the total aid for that area to well over the sum of \$1 billion, or more than 2½ times the sum of money that we had considered essential.

A statement published by the news services within the past few days estimates the cost of the Indochina conflict as \$8,152,000,000, of which it was stated that France, during the nearly 8-year period of her conflict there, paid \$4,771,000,000; and the United States, during the last 3 years of the 8-year period furnished \$2,997,000,000, or well over one-third of the total sum expended throughout the 8-year war.

Mr. President, do we recall authorizing it? Do we recall authorizing that \$3 billion of our funds be spent by France in that area? When did we do it, Mr. President? How did we do it? Why did we do it?

We made certain sums available.

Now I wish to refer to the hearings, on page 30:

Senator GILLETTE. That statement which I quoted, and on which you have just commented, seemed a bit inconsistent with your statement on page 7 in which you said:

"We have provided a great part of the military materiel needed by the French Union forces and the national armies of Cambodia, Laos, and Vietnam. We have agreed to finance most of the cost of the fight to maintain the freedom of the Associated States."

When did we make that commitment, who made it and under what authority did we become obligated to carrying the cost or most of the cost of the maintenance of peace in that area?

Secretary DULLES. * * *

Now, with respect to the authority that you refer to, that authority is contained in the present law which appropriated \$400 million to France for this purpose, and then there has been supplemented by use of the flexible transfer provisions—

They are the ones I have just quoted—on the basis of consultation with the Appropriations Committees of both Houses of Congress.

It was already in the law, but the administration did not want to use those provisions in that respect without the knowledge and approval of the Appropriations Committee, so that was sought and obtained.

Senator GILLETTE. With making available \$400 million of aid in that area, the flexibility clause transferring on additional \$385 million and the utilization also of end items, the help was carried to well over a billion dollars? Was all of this aid channeled through France?

Secretary DULLES. Yes; it was all delivered to France, or the military end items were delivered to the French commanders in Indochina.

That is what we poured into that area under the last mutual security bill we passed—over \$1,400,000,000 of which was determined by the Foreign Relations Committee and by the Senate of the United States and by the House of Representatives of the United States as being essential to the security of the free

world in that area. But it became one-billion-dollars-plus; and now, under the statement I have just read as to the cost to us of that war, we find we have spent almost \$3 billion in that area. Under what authorization, Mr. President? Was it under a specific authorization of need? No. The specific authorization showed the need, and then gave the right of transferability, that we, by abdicating our responsibility as Senators on this floor, have given to the President of the United States.

In the hearings, on the question of the authority, I asked both the Secretary of State, as I recall, and also the representatives of the Defense Department: "Suppose under this authority you take 15 percent, as you are authorized to do, and transfer it to another use or another area; and then, later, the President wants to take another 15 percent more and transfer it to another area and another use; and then the President decides he wants to take another slice of 15 percent and transfer it to another area and another use. Will he have the right to do that and continue to do it until there is nothing left to slice?"

The answer was, "Yes, Senator; under the provisions of the bill the President will have that right."

Mr. President, let us consider the committee report—an excellent report. There is no more pregnant or more forceful application of the argument that this transferability clause is needed than the situation in Indochina right now. The bill makes available an additional \$800 million for use in the Indochina war. Not only has that war stopped—or we think it has stopped—but there is great concern over what is to become of the material we piled up there in the past under the \$3 billion of aid that we poured in there. What are we going to do with it? I read from page 44 of the committee report:

Of the entire aid program for 1955 the largest single amount contemplated is that for Indochina for which a total authorization of \$1,133 million was requested—approximately one-third of the entire mutual security program. The committee reduced the requested authorization for direct forces support from \$800 million to \$712 million. In the illustrative programs for Indochina, military assistance amounted to \$308 million, defense support to \$21.5 million, and technical cooperation to \$3.5 million.

The first point illustrated is this: I read the long list of enactments, from the Marshall aid plan on down—relief, rehabilitation, building up economies, technical assistance for our allies who are going to cooperate with us. Now, in the Indochina area, under the bill, \$800 million is to be made available, and of that amount \$3,500,000 is to be for technical cooperation and 1 percent is proposed to be used for technical development. Now we find that what we have provided in the past is piled up there and we are trying to prevent it from falling into the hands of the Communists—into the hands of the forces that have taken over under a compact in which we did not participate. But our committee has said, "Do not worry about it in view of the uncertain and fluid conditions in the area. The fund of \$712

million has been made available for use to meet United States objectives, not only in the associated states but elsewhere in the western Pacific and southeastern Asia."

In the committee I asked, "What is the western Pacific? How is it defined and delimited? How is the area identified? What is the western Pacific in reference to which we are giving authority to transfer these funds? What is southeastern Asia? Is it Cambodia; is it Laos; is it Burma; is it Malaysia; is it Indonesia?"

But that is the authority and that is the report of our committee, and that is the transferability clause, to which I object most strenuously.

Mr. President, I am ready to vote—either in committee or on the floor—for the appropriation of the funds of the American people, in addition to the more than \$100 billion we have poured into foreign aid. I am willing to vote if I know what it is for. I feel justified in so doing in protecting the interests of the people whom I, as a Senator, am sworn to protect. I do not want to load that responsibility on President Eisenhower, nor would I have loaded it on former President Truman, or any other President. The responsibility under the Constitution is mine, and I cannot evade it, and I am not going to evade it.

Take Indochina: There is a provision written into the bill with reference to this same matter. In this particular area, while we have spelled out in sections 141 and 142 certain guideposts the President must follow in exercising his discretion, we provide on page 94 that—

Assistance under this section—

That is, to Indochina—

shall be made available subject to the provisions of section 141 and 142 except that in individual cases the President may waive specific provisions of section 142 to the extent he may deem necessary.

It is not a question of abuse of discretion. With reference to this particular area not only do we authorize the President to slice 15 percent here, 15 percent there, and then another 15 percent and transfer it to this area or that area, to this purpose or that purpose, but we have obliterated even the indefinite, the insignificant, the entirely undependable guidances laid down in the 11 specific guides which he must follow in using his discretion. In reference to this area, the southeast Asian area and the western Pacific—may the good Lord show us where it is—we have said he does not have to abide by those guideposts.

The Supreme Court has passed on this question. I am not criticizing either President Eisenhower or former President Truman for using authority which we gave to them in exercising their sovereign discretion as we told them they could do. I am not even suggesting that either of them has abused his discretion, but I am criticizing the Congress for placing that discretion within their power to exercise, and by so doing, shirking the responsibility that we, as Senators, should assume.

Mr. LANGER. Mr. President, will the Senator yield for a question?

Mr. GILLETTE. I am very glad to.

Mr. LANGER. In other words, the Senator from Iowa objects to the fact that Congress has abdicated its prerogatives in turning that discretion over to the President?

Mr. GILLETTE. Certainly, the Senator from North Dakota is correct.

At this minute there is not a Senator, there is not a House Member, there is not a member of the executive department who can tell us what they are going to do with the \$800 million they may not use in the Indochina area, because of the changing conditions there.

What are they going to do with it? They can use it somewhere in the Western Pacific or they can use it in Southeastern Asia without any guide posts whatsoever.

I referred to the fact that under this bill they can slice 15 percent, then slice 15 percent more, then slice 15 percent more until there is nothing left to slice.

Mr. President, the question of the appropriation of money from the Federal Treasury, without detailed control, has been passed on by our Supreme Court. The general rule was laid down in *Cincinnati Soap Co. against United States* (301 U. S. 308). In that case the Court said:

Appropriations and other acts of Congress are replete with instances of general appropriations of large amounts to be allotted and expended as directed by designated Government agencies. A striking and pertinent example is afforded by the act of June 17, 1901, where all moneys received from the sale and disposal of public lands in a large number of States and Territories were set aside as a special fund to be expended for the reclamation of arid and semi-arid lands within these States and Territories. The expenditures are to be made under direction of the Secretary of the Interior upon such projects as he may determine to be practicable and advisable.

That is the language of the Court.

It will be noted that in this general rule certain funds derived from definite sources were to be placed in a special fund to be expended for a specific purpose, and in a special area.

It is true they were to be expended as the Secretary of the Interior deemed to be practicable and advisable, but the area of expenditure and the purpose of expenditure were clearly set out in the legislation.

Again, in *Bowles against Willingham* (32 U. S. 503, 1944), it was stated:

Congress does not abdicate its functions when it describes what job must be done, who must do it and what the scope of his authority is.

That is the language of the court, that is the pronouncement and finding of the court.

In this present authorization of the expenditure of the billions and billions of the Nation's resources, Mr. President, and using the Court's own language, where are the specific uses and purposes of a special fund as described in *Cincinnati Soap Co. against United States*, and where are the descriptions of a specific job to be done, and who must do it and where is the limitation of the delegated authority which in the language of the Court, in *Bowles against Willingham*, would absolve the Congress

from the charge of abdication of its responsibility?

Just one additional word with reference to that, Mr. President, and I will leave it: The Court, in 1940, in an opinion written by Mr. Justice Douglas, in *United States against Bush & Co.*, used this language:

It has long been held that where Congress has authorized a public officer to take some specified legislative action when in his judgment that action is necessary, or appropriate to carry out the policy of Congress, the judgment of the officer as to the existence of the facts calling for that action is not subject to review.

When in his judgment that action is predicated on certain facts, he shall have the discretion to determine the facts; not to determine if he is to spend the money, not to determine the purpose for which he is to spend it, but he has the discretion to determine the facts.

In the instant case, in this bill, there is not a single word from start to finish to guide the President. We even eliminated so far as Indochina area is concerned, and so far as the western Pacific is concerned the 11 guideposts which, dim as they are, were set up to indicate the direction in which he was to travel.

Mr. President, these are the three compelling reasons why I shall vote against this bill:

First. It almost completely abandons the concept of foreign aid for all purposes other than purposes of war and destruction.

Second. I cannot vote to continue with no end in sight the mountainous expenditures of the property of our people. However richly endowed we have been by the Architect of the Universe, there is a definite limit to the resources under our control. And the path we are traveling has one end and only one—national insolvency. And with national insolvency will come the end of the sound industrial economy that made possible our leadership in the free world.

Third. Having taken the oath as United States Senator, I shall perform the duties of a Senator as I understand those duties, and not try to escape those responsibilities by attempting to delegate the responsibility to another segment of the United States Government.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. GILLETTE. I yield.

Mr. LANGER. I wish to congratulate the distinguished Senator from Iowa for an outstanding and courageous speech. It is one which I very much wish every Senator on the floor would take to heart. It is one that every Senator should read and reread and reread time and time again. It is very easy to give away the people's money. How simple it is to turn billions of dollars over to someone to spend. But it takes a man of courage and stamina and a man who has in his heart the well-being of America to stand up in the way the distinguished Senator from Iowa has stood up this morning; and the Senator from North Dakota holds out his hand to him and congratulates him and says to him, "Well done, thou good and faithful servant."

Mr. GILLETTE. I am very grateful, of course, for the kind words of the eminent Senator from North Dakota.

Mr. SMITH of New Jersey. Mr. President, will the Senator yield?

Mr. GILLETTE. I yield.

Mr. SMITH of New Jersey. Am I correct in understanding that the Senator from Iowa said that when we take 15 percent and 15 percent and 15 percent, eventually the whole fund is transferred?

Mr. GILLETTE. That is correct.

Mr. SMITH of New Jersey. I do not agree at all with the Senator. The report of the committee, which goes into the history of the whole matter and states the opinion of the committee, does not bear out what the Senator from Iowa has stated. I refer to page 72 of the committee report, and I shall read the part that relates to the subject, in the hope that Members of the Senate will give some thought to this point. I read from page 72:

Section 501 gives the President power to make other types of transfers. Subsection (a)—

Of course, one must understand the bill in order to understand what this statement in the report means. I have discussed the 15-percent transfer of military aid from one area to another. This refers to the titles.

Subsection (a) empowers him to transfer up to 10 percent of the funds (including unexpended balances) in any one title or chapter to any other title or chapter. This means, for example, that he may transfer 10 percent of the funds appropriated for development assistance (title II) to technical cooperation (title III) or to direct-forces support (ch. 2 of title I).

Subsection (b) gives him similar authority to transfer up to 10 percent of the funds (including unexpended balances) under any section of any title, with the exception of chapter 1 of title I, from one section to another within the same chapter or title. Subsection (b) also authorizes 10-percent transfers from one geographic subdivision to another within the same section. An example of such transactions would be a 10-percent transfer of defense-support amounts from Europe to the Near East and Africa.

Rarely has the world been as unsettled as it is today. The committee, therefore, feels that the transferability provided in this bill is vitally needed by the President to enable him to meet new threats and changing conditions as the national security of the United States may demand.

I have read from page 72 of the committee report.

As was brought out in the testimony of our military officials and by the Secretary of State and by Governor Stassen—and I agree with them—it is impossible accurately to gauge exactly what is needed in each one of those areas, and under each one of the titles. There must be some leeway given the President if he is to be able to handle the program effectively and if we are not to tie the President's hands and the hands of his aids by a strict provision of law.

The percentage is relatively small, but it does permit an adjustment by the President in working out the problems.

I admit that it does not apply to the large amount involved in the Indochina fund. If the distinguished Senator

wishes to have a further discussion of it, I shall be glad to discuss it. I understand that my distinguished friend from Arizona wanted to ask me some questions about it. I believe the original amount was \$800 million, but the House has reduced it to \$720 million. In any event, it is a large amount. However, it must be remembered that probably there has never been a more disturbed condition in the world than that now prevailing in the Far East.

When the program was originally discussed we thought it would contemplate aid to Indochina. Last year, as the Senator knows, we contributed to the building up of French equipment, and so on, in Indochina to the extent somewhere in the neighborhood of a billion dollars. I suppose that now it is apparent we lost in that undertaking, although the funds expended may have helped a great deal.

Of course, as the situation stands now, the Reds may move in some other direction. First they were in Korea and then in Indochina. We know they are mobilized along the Indochina border, and there may be an attack there. On the other hand they may move into Thailand or into Malaya, or they may contemplate a movement into the Philippines or into some other area. It is possible that they may move in the direction of Japan.

The program we have in mind is flexible enough so that the President and his advisers can have a certain amount of leeway. It is realized, of course, that he must have some leeway to deal with any critical situation that may arise.

Congress will not be in session until January. I am certain that if any crisis arises, and there is to be a shift in the funds, the President will come to Congress if a war should threaten.

I mention that fact, because I cannot agree with the Senator in his objection to having flexibility, because certainly we can trust the President, if we can trust anyone, in the military area, and he should be in a position to act quickly in handling the situation. Therefore, I wanted to make what may seem to be a correction in the Senator's statement.

Mr. GILLETTE. I may say, Mr. President, in reply to the statement made by the very able Senator from New Jersey, that no one holds him and his opinion and judgment in higher esteem than I do. Earlier in my remarks today I admitted that there was some logic and some plausibility in the demand for flexibility. I attempted to call attention to uncontrolled flexibility and the abdication of authority and responsibility by the legislative branch of the United States Government.

With reference to the question which the able Senator raised pertaining to the taking of a 15 percent slice, and then another 15 percent slice, although I have the hearings before me, I do not have the exact page which shows that the Senator from Iowa asked the witnesses if they interpreted the authority to mean that they could take a 15 percent slice and transfer it within the limitation, and then, after they had transferred it under

that authority, take another 15 percent slice within the same limitation, and transfer it; and all the witnesses on the stand said, "I cannot answer it myself, but I will refer it to the representatives of the Defense Department." They said the President could undoubtedly do it as long as there were any funds left to transfer.

That, Mr. President, is not exercising the responsibility of the Congress of the United States under the constitutional limitation and authority placed within their hands.

I admit that there are occasions when some flexibility would be justified, but the situation to which the able Senator has alluded and to which I referred a while ago, in connection with which there was presented to us a clearcut case of the need for mutual security and of around \$800 million in the Indochina area, now has changed.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. GILLETTE. Let me finish please. There is no proposal by way of amendment presented by those in charge of the bill to the effect that, since that situation has changed and there is no need for that \$100 million, that it should be set up as a separate fund for a specific purpose and the purpose set forth.

This has not been done. The Senator has said we do not know where the Communists are going to attack. They may attack Formosa, they may attack Thailand, they may attack Japan, they may attack Malaya, and we want it available to be used there. That is what I am objecting to. They may attack in Okinawa or New Guinea; they may attack in northern Australia. It is all the Western Pacific, and, under the authority of the bill and under the report of the committee, all the fund could be used without any action on the part of the Congress or without any legislative authority. There would be complete discretion to use a fund which we said was to be used for a specific purpose. It is to that I am objecting.

Now I will be glad to yield to the able Senator [Mr. KNOWLAND].

Mr. KNOWLAND. Of course, I think it has been very clear from the inception that there was transferability within the title, and there was also transferability among the several titles in several areas. I think the committee thoroughly understood that, and that Congress thoroughly understands it. I do not interpret that to mean that, once having made the transfer of, let us say, 10 percent or 15 percent, whatever the limitation may be, they could make it again and again and again until there were no funds left in the other title. I do not think that was the legislative intent or the congressional intent.

I think they are empowered, within the funds authorized and appropriated by the Congress, to make the transfer once up to the maximum provided by the Congress, and then within the sections to make the transfer, but not to do it to the point where there would be no funds left.

Mr. GILLETTE. May I ask the Senator from California a question?

Mr. KNOWLAND. Yes.

Mr. GILLETTE. Does the Senator know of any language in this bill that would prevent the repetitive slicing of these funds?

Mr. KNOWLAND. That was certainly not my understanding in the Foreign Relations Committee.

Mr. GILLETTE. I am sure it was not.

Mr. KNOWLAND. I say now, for the benefit of the legislative history of the bill, that I would be quite shocked if they attempted to exceed what I think is the clear congressional intent, that the transfers be made up to the limitation placed by the Congress, and not be duplicated time and time again, so, in effect, to exhaust the entire amount for the title.

If the situation ever becomes that serious, I would hope, under the circumstances, that the Congress would be called into session, if it were necessary to do that.

Mr. GILLETTE. I have such a deep respect, Mr. President, for the judgment of the able majority leader that I am sure that he reached no such conclusion as I have suggested; but the language of the bill so provides, and in the hearings, when that question was asked, witnesses said that in their opinion it could be done.

Mr. KNOWLAND. May I ask, it certainly is not the Senator's interpretation that the committee intended that it be done in that way?

Mr. GILLETTE. Certainly not. I repeat that I have confidence in the committee.

Mr. KNOWLAND. I think the point is important, and I certainly would want the executive department to be on notice as to what the committee's intent and the Congressional intent was. Let me read from page 89, beginning at line 12, subsection (4) (d):

Whenever the President determines it to be necessary for the purpose of this title, equipment, materials, and services of a value not to exceed 15 percent of the sum of (1) that portion of the unexpended balances referred to in section 103 (a) which was available on June 30, 1954, to furnish assistance in any of the areas named in subsection (c) of this section, and (2) the amount specified in the applicable paragraph of subsection (c) of this section for additional assistance in such area, may be furnished in any other such area or areas, notwithstanding the limitations set forth in section (c) of this section.

I interpret that as permitting transferability only up to 15 percent, and not a repetition of multiple 15 percent transfers.

Mr. GILLETTE. Mr. President, I may again say that I have such confidence in the Senator's judgment that I am sure that he reached no such conclusion, but the language of the bill and the inquiries I made, and which appear in the hearings, disclose the fact that there is no prohibition against it in the language of the bill and that the witness was of the opinion that the transfer of funds could be repeated.

Mr. KNOWLAND. The witness, I think, was mistaken, and, if there is any question about it, as a member of the Appropriations Committee, when that committee finally marks up the appropriations covering that phase of the for-

eign-aid bill and submits its report, while I cannot speak for the committee, I shall certainly recommend to the committee that they make it very clear in their report that there is to be only one transferability up to the 15 percent, and not multiple transferability.

Mr. GILLETTE. I thank the Senator.

Mr. KNOWLAND. Mr. President, I desire to submit a unanimous-consent request, which I have mentioned to the distinguished minority leader [Mr. JOHNSON], and also the chairman of the Committee on Foreign Relations, the distinguished Senator from Wisconsin [Mr. WILEY], and the distinguished Senator from New Jersey [Mr. SMITH], who are handling the bill at this time.

On page 82, beginning with line 20, and continuing on page 83, as far as line 6, the paragraph reads as follows:

The Congress hereby reiterates its opposition to the seating in the United Nations of the Communist China regime as the representative of China. In the event of the seating of representatives of the Chinese Communist regime in the Security Council or General Assembly of the United Nations, the President is requested to inform the Congress insofar as is compatible with the requirements of national security, of the implications of this action upon the foreign policy of the United States and our foreign relationships, including that created by membership in the United Nations, together with any recommendations which he may have with respect to the matter.

I ask unanimous consent to have the committee amendment divided, so that there may be a separate yea-and-nay vote on that part of the committee amendment which I have just read. The amendment was adopted-unanimously by the committee, but if it were not separated, there would be no separate vote on that particular part.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. KNOWLAND. I wish to serve notice that as to that particular part of the amendment which has now been separated, I shall ask for a yea-and-nay vote.

Mr. CAPEHART. Mr. President, I call up my amendment 7-28-54-C and ask that it be read.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 133, lines 15 and 16, it is proposed to strike "\$150,000,000" and insert "\$750,000,000."

On page 133, line 22, strike "on such terms" and insert "for specific purposes on terms offering reasonable assurance of repayment."

The PRESIDING OFFICER. Does the Senator from California desire to have action taken now on the amendment offered by the Senator from Indiana?

Mr. KNOWLAND. I understand the distinguished Senator from Indiana has an engagement he wishes to keep, but I wish to suggest the absence of a quorum before a vote is had on the amendment.

Mr. CAPEHART. Mr. President, will the Senator withhold his suggestion of the absence of a quorum?

Mr. KNOWLAND. I will.

Mr. CAPEHART. Mr. President, I ask unanimous consent that I may be

absent from attendance on the sessions of the Senate from 4 p. m. today until 4:30 p. m. tomorrow, for the reason that I am to receive a honorary degree from Rider University, at Trenton, N. J., where I am to make a commencement address at 11 o'clock tomorrow morning, the arrangements having been made some 4 or 5 months ago.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Chair wishes to call the attention of the Senator from Indiana to the fact that no action has as yet been taken on the amendment which he has had called up.

Mr. CAPEHART. Mr. President, does my amendment become the pending question?

The PRESIDING OFFICER. It is the pending question.

Mr. KNOWLAND. Mr. President, before suggesting the absence of a quorum, I yield to the Senator from Arizona.

Mr. GOLDWATER. Mr. President, I offer an amendment, which I ask to have printed and lie on the table.

The PRESIDING OFFICER. The amendment will be received, printed, and will lie on the table.

Mr. KNOWLAND. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Goldwater	McCarthy
Anderson	Gore	Millikin
Barrett	Green	Monroney
Bennett	Hayden	Morse
Bowring	Hendrickson	Mundt
Bricker	Hennings	Murray
Bridges	Hickenlooper	Neely
Burke	Hill	Pastore
Bush	Holland	Payne
Butler	Humphrey	Potter
Byrd	Ives	Purtell
Capehart	Jackson	Reynolds
Carlson	Jenner	Robertson
Case	Johnson, Colo.	Russell
Chavez	Johnson, Tex.	Saltonstall
Clements	Johnston, S. C.	Schoeppel
Cooper	Kennedy	Smathers
Cordon	Kerr	Smith, Maine
Crippa	Kilgore	Smith, N. J.
Daniel	Knowland	Sparkman
Dirksen	Kuchel	Stennis
Douglas	Langer	Symington
Duff	Lehman	Thye
Dworshak	Lennon	Upton
Ellender	Long	Watkins
Ervin	Magnuson	Welker
Ferguson	Malone	Wiley
Flanders	Mansfield	Williams
Fulbright	Martin	Young
George	Maybank	
Gillette	McCarran	

Mr. SALTONSTALL. I announce that the Senator from Maryland [Mr. BEALL] is necessarily absent.

Mr. CLEMENTS. I announce that the Senator from Mississippi [Mr. EASTLAND], the Senator from Delaware [Mr. FREAR], the Senator from Tennessee [Mr. KEFAUVER], and the Senator from Arkansas [Mr. McCLELLAN] are absent on official business.

The PRESIDING OFFICER (Mr. KUCHEL in the chair). A quorum is present.

The question is on agreeing to the amendment of the Senator from Indiana [Mr. CAPEHART] to the committee amendment on page 133, in lines 15, 16, and 22.

Mr. HUMPHREY. Mr. President, will the Senator from Indiana state the number of his amendment to the committee amendment?

Mr. CAPEHART. It is numbered "7-28-54-C."

Mr. HUMPHREY. I thank the Senator from Indiana.

Mr. CAPEHART. Mr. President, this amendment would increase the lending authority under the bill from \$150 million to \$750 million.

As the bill now stands, it authorizes loans up to \$150 million through the Export-Import Bank. My amendment proposes to increase that amount to \$750 million, which is one-half of the non-military amount authorized by the bill. I think the time has come when we should stop giving away money, and should begin to lend it. I would have no objection if the \$750 million—in the good judgment of the Administrator of the Foreign Operations Administration and the President—were loaned on terms as long as 50 years.

My point is that there is no excuse now for the taxpayers of the United States to give away more and more money. Any necessary assistance should be on a strictly loan basis.

Mr. DOUGLAS. Mr. President, will the Senator from Indiana yield for a question?

Mr. CAPEHART. I yield.

Mr. DOUGLAS. Is the Senator from Indiana proposing to diminish the grants under foreign operations by \$600 million, to compensate for the increased loans of \$600 million which he is now proposing?

Mr. CAPEHART. The bill as it now stands proposes to give away the \$600 million. I am proposing that the \$600 million be loaned, so that our taxpayers will have a chance, some of these days, to have that money returned to them.

Mr. DOUGLAS. But if my recollection of the amendment is correct, it merely proposes to increase the loaning authority by \$600 million, but does not propose a corresponding decrease in the grants.

Mr. CAPEHART. I think the Senator from Illinois is mistaken. If he is not, then the ones whom I asked to prepare the amendment did not prepare it in the way I told them to. What I intended—and if the amendment does not do it, I wish to modify the amendment—is, not to increase the total of the bill, but simply to earmark an additional \$600 million to be loaned, rather than to be given away. I think that is what the amendment does. Does the Senator from Illinois disagree?

Mr. DOUGLAS. I see no such provision in the amendment. It reads as follows:

On page 133, lines 15 and 16, strike "\$150,000,000" and insert "\$750,000,000."

There is the increase in the loan authority.

Then the amendment provides:

On page 133, line 22, strike "on such terms" and insert "for specific purposes on terms offering reasonable assurance of repayment."

So it seems to me the Senator from Indiana is proposing \$600 million more of foreign aid.

Mr. CAPEHART. Mr. President, the able Senator from Illinois was never more in error in his life. That is not what my amendment does. I just explained that if the amendment is written to do that, I wish to modify it. Therefore, there is no justification for an outburst of protest that the amendment does do that.

Mr. DOUGLAS. I have not made an outburst at all; I merely have attempted to read the language of the amendment submitted by my good friend, the Senator from Indiana.

Mr. CAPEHART. The two experts sitting on my left tell me that the able Senator from Illinois is misconstruing the language of the amendment.

Mr. KNOWLAND. Mr. President, will the Senator from Indiana yield to me at this point?

Mr. CAPEHART. I yield.

Mr. KNOWLAND. While I am not prepared to support the amendment of the Senator from Indiana, yet I think the matter is covered in the following language, on page 133, beginning in line 12:

Of the funds made available pursuant to this act (other than funds made available pursuant to ch. 1 of title I) and foreign currencies accruing to the United States under section 402, the equivalent of not less than \$150,000,000—

And so forth. As the committee amendment now reads, it calls for \$150 million, whereas the amendment of the Senator from Indiana to the committee amendment would change the amount to \$750 million. Therefore, I assume that provision keeps the amount within the total authorization; and to the extent that the amendment would increase the loan part, it would of necessity decrease the other part.

The PRESIDING OFFICER. Does the Senator from Indiana now propose to modify his amendment?

Mr. CAPEHART. No, Mr. President, I do not. It is not necessary.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator from Indiana yield to me?

Mr. CAPEHART. I yield.

Mr. JOHNSTON of South Carolina. I do not think we should be worried over whether it is a gift, a loan, or whatnot; I do not think we shall get the money back, in any event.

I should like to give the Senator from Indiana a little information regarding how these countries stand at the present time, in terms of their performance on the funds they already have obtained from the United States.

Since World War I, certain countries are in default on loans made to them for that war, and yet we still furnish money for further loans through the Export-Import Bank. The figures are certainly enough to alarm us. Let me state what the detailed figures are at the present time:

Austria, \$26,024,539.59.

Belgium, \$570,107,077.66.

Finland, \$7,286,040.18.

Mr. HUMPHREY. Mr. President, will the Senator from Indiana yield at this point?

Mr. CAPEHART. I yield to the Senator from Minnesota.

Mr. HUMPHREY. I simply wish to say to my good friend, the Senator from South Carolina, that of all the countries in the world that have been a good credit risk and have shown not only their good intentions, but their good performance, in terms of debt repayment, and have set a standard around which all prudent and frugal men can rally, it is Finland.

Mr. JOHNSTON of South Carolina. Yes, and it should be noticed that Finland does not owe the United States very much, either.

Mr. HUMPHREY. That is true; Finland's record of performance is excellent.

Mr. SMITH of New Jersey. Mr. President, will the Senator from Indiana yield to me?

Mr. CAPEHART. I yield.

Mr. SMITH of New Jersey. As the Senator from Minnesota has done, I also wish to defend Finland, which has consistently paid every debt installment as it has come due, and has paid the interest. That is why we have established the Finnish scholarships, using the money that Finland has been repaying, with interest. I wish to make that point very clear.

Mr. JOHNSTON of South Carolina. Finland is better than any of the others. France owes us \$5,280,785,801.87; Greece, \$40,360,255.10; Italy—let us move on—she did pretty well; there is not much, only \$2,107,012,659.34 coming to the United States.

Mr. HUMPHREY. Would the Senator agree that the Greeks have suffered a great deal, and that much of the money Greece has received has gone into her defense?

Mr. JOHNSTON of South Carolina. I am reading them all and giving the record of this payback.

Italy, \$2,107,012,659.34.

Then we come to Poland, \$363,822,784.20; Yugoslavia, \$65,861,718.78, making a grand total those different countries owe us of \$8,461,260,876.66.

But let me refer now to England. England has kept alive her arrears from World War I by paying the interest, and making a few curtailments of the principal. Notwithstanding this however, England owes us from those early loans a balance of \$7,630,859,301.93. So I do not think we should worry whether we say the money is a loan or a gift or whatnot. I do not think we need expect to get very much of it back. Is that not true?

Mr. CAPEHART. In other words, the able Senator's position is that we ought not to lend them any money.

Mr. JOHNSTON of South Carolina. Agree.

Mr. CAPEHART. I think it would be better to lend them the money and never get it back than simply give it away to them, because we, at least, put the transaction on a businesslike basis when we lend them the money; and when we give it away, make a gift of it, it is not on such a basis.

Mr. JOHNSTON of South Carolina. Is it not just fooling the people of the United States when we loan it? Some people may expect to get it back, but does the Senator?

Mr. CAPEHART. Of course, the able Senator knows that I have not yet gone in for any of that sort of thing. The Senator is talking to the wrong person.

Mr. JOHNSTON of South Carolina. I want to commend the Senator from Indiana for his past voting record.

Mr. CAPEHART. I have been against the method by which foreign-aid money has been handled from the very beginning. I have always thought that it should have been on the basis of loans rather than gifts, and that the loans should be on a good sound business basis. I am not so much concerned as to the number of years for repayment. I insist, however, that they do make some payments, and pay the interest. I think we would have more friends in the world today had we handled foreign aid on the basis of loans; had we handled it on the basis of just good common horse sense.

Mr. JOHNSTON of South Carolina. I agree with the Senator.

Mr. CAPEHART. We have shoveled money out in every direction on a "come and get it" principle, and this bill still has some of that in it.

The purpose of my amendment is to make sure that an additional \$600 million of the authorization is loaned.

I know there are those—I heard the able Senator from Wisconsin yesterday talking about this money—who say that it comes back to us. The Senator says it helps business in Wisconsin, in Indiana, and throughout the United States. Well, it does, I presume, but it is like giving a man money and then saying to him, "Come back and buy something from me." That is what it amounts to. In other words, it is like saying to a man, "Here is \$1,000; buy \$1,000 worth of merchandise from me." Anyone who says otherwise simply does not understand economics or understand the way business operates. When \$1,000 in foreign aid is given, the American taxpayers provide the \$1,000.

The \$1,000, of course, may come back to the United States and be spent here, but it is taken from the American people, and given to somebody in a foreign land.

So far as concerns employment, in Wisconsin and Indiana and other States the same thing could be accomplished by taking \$1,000 from the American taxpayers and spending it on our own people here at home.

I am thoroughly convinced that we should change our foreign policy in respect to money matters. We should forget about giving it away. I am a great believer in foreign trade. I am a great believer in cooperating with foreign nations. In fact, we have recently passed a bill, of which I was the author, relating to the Export-Import Bank, increasing its lending capacity by \$500 million, setting up a board of directors, and putting the bank in a position to lend more money to stimulate our international trade.

I want to get foreign aid on such a basis that the people of other nations can have some self-respect by once again paying their own way.

I have been all over the world, and I did not find other countries particularly appreciative of the fact that we were giving them money. They would like to borrow from us. I have heard it said that countries in Latin America have always got their hands out. Let me say this: I visited every country in Latin America last year, and I did not find a single one that wanted a nickel as a gift. They wanted loans, which they can pay back.

Mr. JOHNSTON of South Carolina. I think the Senator from Indiana feels as I do. He is a great believer that Santa Claus wants to give, but he does not believe it ought to be 365 days a year.

Mr. CAPEHART. That is correct.

I think possibly now and then there is some excuse for grants for purely military purposes. But the amount we are talking about here, \$600 million, is not for military aid. It is merely for good old common business. It is nonmilitary. Unless my amendment prevails we are going to give away another \$600 million.

Why is it not better to lend the \$600 million? Can anybody advance a good argument for not lending it?

Mr. SMITH of New Jersey. If the Senator will yield, I shall try to explain.

Mr. CAPEHART. Yes.

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from New Jersey?

Mr. CAPEHART. Yes; I will yield to the Senator so that he may explain why it is better to give money away than it is to lend it.

Mr. SMITH of New Jersey. I might say, in the first place, that when the Senator suggests that any of this money is being given for probable investment, it is not correct. The whole theory of this bill is the security of the United States of America; there is nothing else.

I said this morning in my speech that the whole thing is based on security, on the military situation.

Mr. CAPEHART. Is it not a fact that the \$600 million is not going for military purposes?

Mr. SMITH of New Jersey. May I finish my statement?

Mr. CAPEHART. Yes; the Senator may finish his statement, but let us be factual.

Mr. SMITH of New Jersey. The statement I am going to make is based on a long discussion in the committee; it is based on discussions with the Secretary of State, with Governor Stassen, and on the fundamental policy of the United States to provide these funds in the form of loans and not grants, so far as we can do it.

The situation that presents itself is the practical one of where we can do it. We are basing our policy on the statement of the President of the United States as recently as June 23, when he said to us in his message on the bill:

Notwithstanding the continuing need for such grants, we must strive constantly toward relationships with our friends which are more satisfactory, both to them and to us, than grant assistance. This legislation

should, therefore, reserve for loans not less than \$100 million of the fiscal year 1955 funds. Such loans would be made where there is reasonable chance of repayment in dollars or in local currencies, and should be extended in a manner that would not substantially impair a country's capacity to borrow from private banking sources, the International Bank for Reconstruction and Development, or the Export-Import Bank. This is a vital step toward the general replacement of grant economic assistance. We shall achieve this goal as quickly as world conditions and our national welfare permit.

The very point the distinguished Senator from Indiana is raising was brought up very effectively in committee by the Senator from Iowa [Mr. HICKENLOOPER]. We tried to determine the amount we could make available in the form of loans rather than grants. We went through the entire program, which is divided into titles, and we found that the only places where we could make loans would be in certain areas where there would be an opportunity to pay back the loans. In that connection I have had the staff prepare a statement for me on why, based on the studies we had made and discussions we had, the \$750 million which the Senator from Indiana suggests, in place of the \$150 million, could be used or could not be used.

I shall read this as our statement on the subject.

First. This amendment would require not less than \$750 million—instead of \$150 million—to be used only for loans.

Let me state that the \$150 million is a floor. It means that not less than \$150 million shall be made in the form of loans. If the administrator is able to go beyond that figure, he can go as high as he can if he finds that more loans can be made.

It would further provide that the loans be made for specific purposes on terms offering reasonable assurance of repayment.

Second. This represents a drastic increase in the amount of loans contemplated. The House bill contained a formula which would have required something more than \$300 million in loans, and the committee rejected this as too high.

Third. The Capehart amendment, like the committee bill, applies to funds other than those made available pursuant to chapter 1 of title I (military assistance). These funds amount to \$1,450,700,000, so that the Capehart amendment would require more than half to be in the form of loans.

That is the military equipment part of it which we know from experience we cannot make in the form of loans. If these countries are going to provide the manpower for which our equipment is furnished, we must back them up with the equipment if they are to furnish the manpower to use it.

The figure of \$1.45 billion, against which the loan requirement of \$750 million would have to be applied, includes an item of \$712 million for direct forces support and other types of assistance in southeast Asia and the western Pacific.

I discussed that point a minute ago. These funds for southeast Asia are related to the breakdown in Indochina.

There is no way of putting that money in the form of loans. It is for use in that area.

This is basically military assistance and could not reasonably be furnished on a loan basis—certainly not for specific purposes on terms offering reasonable assurance of repayment.

The net result of the Capehart amendment, therefore, would be to require all other assistance in the bill to be furnished through loans. This would include such obviously inappropriate items as relief and rehabilitation in Korea. This is a large item. The Koreans could not accept a loan in connection with it.

It would also include contributions to the United Nations for Korean relief, technical assistance, and the Children's Fund, and such pseudomilitary assistance as direct forces support and defense support.

It is difficult to see how the program could be administered at all under the requirement contained in the Capehart amendment. The administration is committed to moving to a policy of loans instead of grants as rapidly as practicable. The committee report, page 71, endorses this policy. But to attempt a shift as sudden and drastic as that proposed by the Capehart amendment would be self-defeating.

In the light of the discussions we had on this matter, and weighing the figures and trying to determine where loans might be made, we thought the maximum floor—that is, the compulsory figure—should be set at \$150 million. If we went any higher, we felt, we would embarrass the administrator and embarrass the whole program.

Mr. CAPEHART. It would be too bad if we were to embarrass someone, particularly the foreign-aid people who are giving this money away.

Mr. SMITH of New Jersey. I do not share the Senator's sentiments.

Mr. CAPEHART. It would be embarrassing to the taxpayers, I am sure, to be called upon to appropriate this money. We always come to the same conclusion. We always say that tomorrow or next year we will end this giveaway program. We always say we will do it next year. When we were in the minority, we always said, "Put us in power, and we will do it."

That was one of the issues in the last election. We said we would put a stop to giveaway programs and put foreign aid on a businesslike basis.

Now I find that we are following about the same policy in this matter that the previous administrations followed. I believe the time has arrived when we should put this program on a businesslike basis. The program ought to be on the basis of loans. For example, as we all know, western European countries today have economies that are in excellent condition. Their production is from 150 percent to 160 percent above prewar levels. All their people are employed. England has about a \$3 billion balance of trade. At the moment West Germany has about a \$2 billion balance of trade. All the countries are doing well.

In the Far East the Indochinese war is over. Nevertheless, we are talking about providing \$846 million for that area.

I think the time has arrived when we ought to put this whole business on a business loan basis.

We will never do it unless we decide to do it now. If we always proceed on the theory that we will do it next year or the year after, we will never get it done.

Mr. GOLDWATER. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. GOLDWATER. I should like to ask the distinguished Senator from New Jersey a question concerning a remark he made. I understood the distinguished Senator from New Jersey to say that in effect it would be impossible to use these funds for Southeast Asia and the western Pacific on a loan basis. Why is that so?

Mr. SMITH of New Jersey. Does the Senator mean to contries like Thailand?

Mr. GOLDWATER. I refer to the entire western Pacific theater.

Mr. SMITH of New Jersey. Does the Senator refer to Thailand or Formosa or Korea? There is not a country in that whole area that could take money on a loan basis; certainly not at the present time. The whole purpose of our support, as I said before, and as I say again, is the security of the United States. We have tried to analyze the whole program and to find out where loans could be made. In every place where it is not possible to make loans, we had to do the best we could. Certainly, when we furnish equipment we must pay for it. We cannot furnish equipment of the ROK's in Korea and expect them to pay us for it.

Mr. GOLDWATER. I should like to ask the Senator another question, which he has probably answered already. However, I was not here during his entire presentation. The amount requested for that area was \$800 million. Since that time the war in Indochina has ended, and the amount has been cut to \$712 million. Is that not a rather small cut, in view of the fact that the war in Indochina has ended?

Mr. SMITH of New Jersey. Of course it looks like a small reduction. As I explained earlier, when we were discussing the matter, the situation in that area is a very difficult one to handle. We had to figure on an appropriation this year which would be comparable to that of last year with reference to the Indochina operation. The scene has shifted from a focus of danger for the moment in Indochina to a focus of danger all through that area. We have no way of pinpointing where the money is to go. We have a flexible fund which can be used in case an emergency should arise.

The other day we had the situation of a commercial plane being shot down in that area. We are facing such situations all the time, or the possibility of them. This money does not have to be spent. It is discretionary with the President of the United States. Certainly we must have confidence in the greatest general we have ever known in the history of our country, probably, and trust

him with the decision on military needs. We should give him authority to use the funds for any crisis that may come up. He is not going to spend the money if it is not necessary to spend it.

Mr. GOLDWATER. Can the Senator tell us how much was committed for the Indochina war prior to the end of the war?

Mr. SMITH of New Jersey. Last year the total was \$1 billion for Indochina. This year we estimate approximately \$800 million. However, instead of wiping it out entirely and saying the war is over, we recognize that the very truce that has been signed there is threatening us with danger throughout that area. We cannot let down on our preparedness. After all, this is a preparedness authorization. None of us in the committee felt that we could cut that figure.

Mr. GOLDWATER. If I am not mistaken, the amount last year which was specifically earmarked for France for the pursuit of the war in Indochina was \$400 million. I may be mistaken, but I remember offering an amendment which would deny France that \$400 million until she recognized the independence of the Indochinese States.

Mr. SMITH of New Jersey. That is true, and \$350 million was added to that later on, making \$750 million.

Mr. HUMPHREY. Then there were supplies besides.

Mr. SMITH of New Jersey. The whole amount for Indochina ran to something over a billion dollars last year.

Mr. GOLDWATER. Has the committee subtracted the \$775 million that went to France for the pursuit of the war in Indochina from this year's budget in this bill?

Mr. SMITH of New Jersey. It was taken into account, but we were developing our entire program for the whole area. We could not quite subtract it all. A good deal of it went into supplies for the area.

Mr. GOLDWATER. Chapter 2 is very confusing to read because it says "not to exceed \$712 million for expenses necessary for the support of the forces of countries in the area of southeast Asia, including the Associated States of Cambodia, Laos, and Vietnam."

Later it goes on to say "and the forces of free nations in the area including those of France."

That war is over. Are we still under obligations to France to the extent that we cannot reduce this figure from one-billion-some-odd-million dollars to maybe half of that? I recognize the need, if the general staff says there is a need in the western Pacific, but how much are we talking about that we still owe France for fighting a war there that she lost 6 years ago?

Mr. SMITH of New Jersey. I do not think we still owe France. I think that was obligated in sending supplies to France.

Mr. GOLDWATER. We do not have to pay any more for the fiasco in Indochina?

Mr. SMITH of New Jersey. I cannot say that categorically. It is all a part of the estimates of winding up this thing. We will do it as fast as we can. We have

included in the bill the States of Cambodia, Laos, and Vietnam. Why? Not because they are French possessions. I must make it perfectly clear that Laos and Cambodia were left out of the trust arrangement and are now independent states; but they are a part of our Southeastern Asia hope for getting those nations together. Thailand will be included, lower Vietnam will be included, the Philippines will be included, and I hope we will have New Zealand and Australia helping us there. They do not get any help from us.

Mr. GOLDWATER. To close this colloquy, the Senator from Arizona is not satisfied that this amount reflects any great reduction in view of the cessation of hostilities in Indochina, and the Senator from Arizona feels if it cannot be reduced further than this, there are some things the American people and the United States Senate do not know about commitments to France and to those states. I should like to make one further comment, because—

Mr. SMITH of New Jersey. Let me make this clear: The so-called obligated funds, the so-called allocated funds, and the unobligated balances have all been taken care of under this program from the beginning of the program in 1950 down to date.

What the Senator from Arizona is talking about is in a different classification. The other amounts can be accounted for. It can be shown just where it is planned that they go. The \$800 million we are talking about—in round numbers, \$720 million—is the amount we had figured we would wish to give to France to help France in her fight against communism in that area. That is what it cost us last year, and that is what we will have to provide this year. When it is found that we can stop it, we will stop it.

Mr. GOLDWATER. But it has not been stopped yet.

Mr. SMITH of New Jersey. The authorities feel that they must have a flexible fund available. We have to trust the President to use this money, if he has to use it, in case emergency arises. This is not a commitment.

Mr. GOLDWATER. Will the Senator yield for one comment?

Mr. SMITH of New Jersey. I yield if I have the floor.

Mr. GOLDWATER. I spoke on this subject last year, and the distinguished Senator from Massachusetts [Mr. KENNEDY] joined me. It is stated in the report on page 45:

It is beyond question that Indochina would have fallen to the Communist forces some time ago if it had not been for the assistance that went to the French.

I desire to comment in closing that, according to my information, the Communists were not in the Indochinese war when it started, and if France had recognized the desires of the people of that area for freedom, that war would have ended long, long ago. As a United States citizen, I have never liked the idea of my country supporting a country that tries to dominate the freedom-loving people of any section of the world.

Mr. SMITH of New Jersey. I agree with the Senator, and let me make a brief further statement on the question, if I may.

When the war started 8 years ago in Indochina, it was said to be a war of liberation from French colonialism. We took no interest in it at all at that time. It was only when we were definitely convinced that the war, as it went on under Ho Chi Minh, was Moscow-inspired and that it was a Communist movement to take over southeast Asia, that we pricked up our ears and at that point we began to give aid to the French because they were the only hope of stopping communism in that area.

Mr. GOLDWATER. The war started as a desire for freedom, and if France had recognized it at that time, the war would never have gone on and the Communists would never have been in it.

They are free now under Communist Russia because the French would not recognize their demand for freedom.

Mr. SMITH of New Jersey. They are not free. They are in a totalitarian regime under Communist Russia and virtually in slavery, as the other satellite states are. That is what happened.

Mr. GOLDWATER. The Senator from Massachusetts [Mr. KENNEDY] and I offered amendments directed to this question. We prophesied what would happen, and it has happened.

If this had been taken care of by the French years ago, Indochina would never have been in the debacle that it has been.

Mr. SMITH of New Jersey. That might be true. I would not debate it.

Mr. CAPEHART. I yield to the Senator from Wisconsin for a question.

Mr. WILEY. The question that was propounded by the Senator from Arizona [Mr. GOLDWATER] if he will listen, was propounded by me to Secretary Dulles back in the early days of July after the situation developed in the Far East. I am reading his letter because it is in direct response to the Senator's question:

JULY 22, 1954.

The Honorable ALEXANDER WILEY,
United States Senate.

DEAR SENATOR WILEY: You have asked me whether in my judgment the signing of armistice agreements regarding Indochina diminishes the need for funds requested for the area of southeast Asia and the western Pacific in the Mutual Security legislation now before the Congress.

I believe that the armistice does not diminish the need for these funds. If anything it increases the need to have available funds with which to build the defensive capabilities and strengthen the resistance of the free nations in the area. When I appeared before the Foreign Relations Committee during the hearings on this legislation and discussed the need for funds in this area, the possibility of a settlement of the nature which has now taken place was already foreshadowed. As you will recall, when I testified as to the importance of having a flexible funds to build strength in this region, I emphasized the need for it even should such a settlement occur and I believe this was also held in mind by members of your committee. In my estimation, the gain which communism has now established in this area should be a warning to all the people of the region as well as to ourselves of a need for a determined effort to

preserve their freedom. I believe no one can now foresee exactly how these funds will be used. However, their availability will be essential for the success of plans now underway. In the event that unforeseen circumstances prevent the efficient expenditure of these funds for the purposes of strengthening the area against further Communist encroachment, they will of course be held unexpended for future disposition by the Congress.

For these reasons I believe it is a matter of grave importance to the national interest that these funds be available and I trust that the Congress will see fit to authorize and appropriate them.

Sincerely yours,

JOHN FOSTER DULLES.

As I said, this letter was addressed to me.

I emphasize his argument that it is necessary in the national interest that we have these funds. We all well know that now there is going on an attempt to create a security pact among several nations which we hope will include Britain, France, Australia, New Zealand, ourselves, and others, in relation to that area. We trust that the effect of the war and the ceasefire is not all negative. We think that what has happened in Indochina has caused India to pause.

We think also that Cambodia, Laos, and other countries are now alerted and are awakening to the responsibility of self-defense. They are observing what is going on now in the very lands which were conquered. We think all this may very well bring into operation a security pact.

It seems to me that when we speak about lending and giving, we must bear in mind that this is not simply what is called a giveaway. I tried to analyze this situation from two positions yesterday, one of which showed the impact of the demand upon our own economy, which had the lesser effect; but it created a healthy condition, almost an inflated condition. The main point is that foreign aid has staved off a third world war, which was then apparently on the horizon.

Of course, we could take the position that what we should do is to pull back, in spite of the statistics I introduced, which showed how throughout the world we have built our bases. In England we have bases at which our troops are stationed. In South Africa we have built bases. We are now building bases in Spain. If all those bases are useless, if they are of no significance, if we do not feel, in a contracted world, that we should carry on in this manner, then, of course, we should withdraw.

Mr. CAPEHART. Congress has appropriated \$40 billion for our national defense. This includes the building of bases and airports in England, Spain, and other parts of the world.

However, the bill before the Senate provides funds beyond those which are being spent for national defense. We have before us for consideration a foreign-aid program.

There is no objection to the fact that the United States must be defended, and that money must be spent for the Army, Navy, and Air Force.

My point is that it is better to put foreign aid on a loan basis, rather than on a giveaway basis.

An interesting point is that there is an item of \$9 million for American Republics. I presume that includes all of Latin America. That certainly is a generous amount to be spent for the benefit of 16 or 17 friendly nations in Latin America. I observe the sum of \$9 million out of \$3,100,000,000. Why are we doing so little for the Latin American countries?

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. HICKENLOOPER. The \$9 million is for the Bolivian program. There are other sums of money provided for other Latin American countries.

Mr. CAPEHART. But this says, "American Republics." Let us get the record straight. It says: "American Republics." Is Bolivia one or is it more than one?

Mr. HICKENLOOPER. The total for Latin American countries is \$47 million. That amount is found on page 53 of the report.

Mr. CAPEHART. Where does it show on page 2 of the report?

Mr. HICKENLOOPER. I have not looked at page 2. The \$9 million is specifically and strictly for the Bolivian type of program. It will be found on page 53.

Mr. CAPEHART. At any rate, it is only \$47 million out of \$3 billion.

Mr. HICKENLOOPER. The Senator from Indiana does not have to take my word for it. If he will turn to page 53 of the report which he holds in his hand, he will see that there is set out for development and assistance for Bolivia, section 201 (a), \$9 million.

Mr. CAPEHART. Military assistance is \$13; technical cooperation is \$25 million; and for the Bolivian bilateral program, \$9 million.

Mr. HICKENLOOPER. I may say to the Senator that it is not as much as I would have liked to provide for South American countries. I should have liked to see additional funds devoted to South America.

Mr. CAPEHART. The record does not show, and I think it should show, that in the foreign aid program—\$9,700 million is still in the pipeline. It has not yet been spent. By the present bill, another \$3,100 million is being added to the authorization, bringing the total up to \$12 billion. In my judgment, it would not be necessary to appropriate 1 dime, because \$9,700 million simply has not been used.

Mr. KENNEDY. Mr. President, will the Senator permit me to ask the Senator from New Jersey [Mr. SMITH] two questions?

Mr. CAPEHART. I yield first to the Senator from New Jersey.

Mr. SMITH of New Jersey. There will be found on pages 10, 11, and 12 of the report a full explanation of the so-called unobligated, unexpended balances, and an explanation of, I admit, the rather complicated way the matter is presented. While they are unobligated, unexpended funds, they have been flowing through the pipeline since 1950.

Mr. CAPEHART. The fact remains that there is \$9,700 million, either in dollars to be given away or in goods to be delivered. To this amount it is pro-

posed to add \$3,100 million, making a total of \$12 billion which the American taxpayers will be called upon to pay. That is a true statement.

Mr. SMITH of New Jersey. That amount covers the last 5 years, under various appropriations.

Mr. CAPEHART. Yes, but it is an unexpended balance.

Mr. SMITH of New Jersey. It is, but that is because 5 years are required to build an airplane, and it is not paid for until it is delivered.

Mr. CAPEHART. That is understood, but the point is that if the bill passes in the amount which is now provided there will be more than \$12 billion, either in dollars or in goods to be delivered to the various nations throughout the world.

Mr. SMITH of New Jersey. That is true.

Mr. CAPEHART. My point is that \$9 billion should be sufficient.

Mr. KENNEDY. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield to the Senator from Massachusetts.

Mr. KENNEDY. I wish to ask the Senator from New Jersey 2 or 3 questions about aid to Indochina.

First, as to military equipment which we have in the area now under the control of the Viet Minh. When the French forces evacuate, will that military equipment be returned to the control of the United States, for use of the Vietnam in the south, or be under the control of the French forces?

Mr. SMITH of New Jersey. It will come back to us, as I have been advised.

Mr. KENNEDY. All of it?

Mr. SMITH of New Jersey. Yes.

Mr. KENNEDY. So the equipment could be evacuated?

Mr. SMITH of New Jersey. But it is now under the control of the French forces.

Mr. THYE. Mr. President, will the Senator yield?

Mr. SMITH of New Jersey. I yield.

Mr. KENNEDY. I was asking the Senator from New Jersey certain questions.

Mr. THYE. I could answer the Senator, because I was present in the Committee on Appropriations when the question just asked by the Senator from Massachusetts was discussed, and we obtained an answer as to what the military authorities were endeavoring to do with the equipment which was back of the lines and at Hanoi and also at the other ports on the Red River. Some of the unloading was stopped, and ships were turned back to Saigon, instead of being permitted to unload in the northern region. Not only were some ships turned around, but ships which were unloading were reloaded, so as to get the equipment and supplies out of the danger area and down into the south.

Mr. KENNEDY. The only comment I wish to make, in support of what the Senator has said, is that, first, the United States has sent several billion dollars' worth of equipment into Indochina. I assume that whether the French forces remain or are withdrawn, the equipment will remain in Vietnam, in the south. It is worth several hundred million dollars.

In addition, substantial amounts of equipment are north of the line of truce. As I understand, that will come under the control of the United States, and will be available for assistance.

There is potentially \$700 million, as the Senator has pointed out, which has as yet been unexpended. It seems to me that that is an enormous potential for Vietnam, Cambodia, and Laos. I should like to have a clear explanation of who it is intended will use the equipment, because certainly it is far beyond what can be used by those states. The French union forces numbered almost 500,000. It is beyond any plan for re-arming Thailand, Cambodia, or Laos, particularly when they are to be neutralized by the truce terms.

Mr. SMITH of New Jersey. I shall give a summary of a statement prepared by Mr. Stassen, Director of the Foreign Operations Administration, in answer to the very question asked by the Senator from Massachusetts:

PROTECTION OF UNITED STATES FINANCED
EQUIPMENT IN INDOCHINA

As the Geneva Conference approached a climax, all available precautionary steps were taken to safeguard United States financed equipment and material en route to or located in the area of north Vietnam.

1. MILITARY EQUIPMENT AND MATERIALS

(a) All military equipment and materiel en route to this area was ordered back to the United States or otherwise diverted.

(b) Assurances were received from the French that every effort would be made to safeguard against capture United States financed military equipment and material in their hands. Reports indicate that the French have abided by these assurances and have given a high priority to the withdrawal of such equipment from the area. Generally speaking, approximately 45 percent of this equipment is in the Hanoi-Haiphong area, about 45 percent in the Saigon area, and the remaining 10 percent in the Tourane coastal area.

By the terms of the agreement on suspension of hostilities in Vietnam, the equipment in the Tourane and Saigon area are south of the military demarkation line which has been established and will not require evacuation. Also, by the terms of the same agreement, the forces of the French and Associated States will have 80 days to complete evacuation of the Hanoi area, and 300 days to complete evacuation of the Haiphong area. This period of time is considered adequate for the evacuation of all MDAF material and equipment in the area.

2. NONMILITARY GOODS AND EQUIPMENT

(a) All shipments to this area of nonmilitary goods and equipment of bulk commodities which might be difficult to remove were halted several weeks prior to the armistice and diverted to Saigon or other areas.

(b) Steps were and are being taken to remove all movable goods and equipment of any military significance whatever to which the United States has title from the area. A quantity of radio receiver-transmitters used in the FOA resettlement project in North Vietnam is presently being removed to Saigon.

(c) Nonmilitary goods and equipment which have been delivered to the Vietnamese are to be removed in accordance with the provisions of the armistice agreements, which are presently being analyzed in consultation with the French and the Vietnamese. Subject to these agreements, our desire to remove all movable equipment and materiel of military significance (including such items as trucks, raw cotton, bulldozers,

etc.) from the north appears to be in accord with the policy of the Vietnamese and French owners.

Mr. BARRETT. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield to the Senator from Wyoming.

Mr. BARRETT. The Senator mentioned the matter of unexpended balances. I note that on page 12 of the report the following is stated:

For such complicated equipment as tanks, airplanes, and radar equipment, this production lead time runs as long as 2 or 3 years.

The report was referring mainly to the item of unexpended funds of \$9,749,500,000.

In that respect, I note also the balance on June 30 of last year was \$10,061,100,000. This year it was \$9,749,500,000. It is estimated that for June 30 of next year it will be \$7,360,800,000.

The point I want to make and that I want to ask the Senator about is whether this unexpended balance is going to keep on running into the billions. The total at the present time is over \$9 billion. The unobligated balance was \$2,604,000,000 as of June 30, last. What is the necessity for any appropriation for Mutual Security for this year?

Mr. SMITH of New Jersey. May I answer the question?

Mr. CAPEHART. I yield to the Senator from New Jersey.

Mr. SMITH of New Jersey. If the Senator will look at page 14 of the report, he will see how the foreign aid appropriation went up from 1950 to 1951, and then dropped down to where the figure today is about \$3 billion plus.

The figures to which the Senator referred with regard to the unexpended balance on June 30, 1955, shows a balance of \$7,360,800,000, which means that amount represents the materials in the pipelines being delivered from what is left over from previous commitments. That situation arose from the fact that it takes a lead time of from 4 to 5 years for some of the equipment we have been putting into the foreign military aid program to be delivered. That is the reason for the carryover.

Mr. BARRETT. I understand that. As of June 30, 1955, there will still be a \$7,360,800,000 unexpended balance in that fund.

Mr. SMITH of New Jersey. That is right.

Mr. BARRETT. The point that disturbs me is that, in addition to that, there is an item of \$2,604,300,000 wholly unobligated as of June 30 of last year.

Mr. SMITH of New Jersey. Let me interrupt there. "Unobligated" means it has not been put through in a firm commitment to some producing organization manufacturing some particular piece of article or equipment. It is all programmed.

Let me call attention to the last paragraph on page 12:

The committee felt, nevertheless, that a certain amount of water could be squeezed out of the unobligated balances and the requested new authorizations, taken together. After careful consideration of the varied factors involved, it reduced the total of new

authorizations for which appropriations will be sought at this session of Congress from \$3.4 billion to \$3.1 billion. The committee does not believe either the unobligated balances or the new money can prudently be reduced further.

That statement was made after days of hearings and days of analysis of those figures, as to where the allocations were to go, and what the program was for the future.

Mr. BARRETT. Those words look to me like quibbling. It seems to me, in view of the condition of the financial structure of this country, when we are going to be called upon to raise the debt limit, we should give consideration to the fact that there is an unexpended balance of \$9 billion, and \$2,600,000,000 of wholly unobligated funds. I do not take too much stock in the claim that there is no firm commitment. I think the committee was on the right track when it said that a certain amount of water could be squeezed out of it. My question is, Why could not the whole amount be cut out?

Mr. SMITH of New Jersey. One reason for the unobligated fund is that we set high priorities in delivering equipment from one area of the world to another, when conditions changed. There had to be a change in delivery of equipment as a result of conditions in Korea and Indochina.

I can assure the Senator that every single member of the committee was just as disturbed over the terms "unexpended" and "unobligated" as is the Senator from Wyoming. We spend days going over the problem. We came to the conclusion that \$3.1 billion was the point at which we should stop, because we did not dare risk our security further. That is the only answer I can give. One cannot simply say, "Let us cut it out and not provide any funds." We had the best military advice we could get.

Mr. BARRETT. I should like to say that, in view of the financial condition of the country at the present time, it seems to me that the mutual security program would not be jeopardized in the least if we waited until this time next year and looked at the situation then. The program could continue to carry on for another year.

Mr. SMITH of New Jersey. I felt the same way when the committee first began looking into the question. After talking to our Joint Chiefs of Staff and other military representatives, I was convinced that we could not go lower than 3.1.

Mr. LANGER. Mr. President, I desire to say that the Senator from Wyoming was never more right than when he made the statement he just made. There is an unexpended balance of over \$9 billion and an unobligated balance of over \$2 billion. The Senator is absolutely right when he says we should leave the program alone for the coming year.

Mr. CAPEHART. Mr. President, I shall make only a brief comment, and then, so far as I am concerned, the Senate will be ready to vote on the amendment. There is no Member of the United States Senate who is any more anxious than I am to cooperate with other coun-

tries and help them. I am 100 percent behind such a program. I have always been sold on it. There is no one more convinced than I am of the need for this country's being strong in a military way. I want us to be strong. My inquiry is as to the method. I have been critical of what we call our foreign policy when it comes to giving away our money. My position is we ought to do it in a more businesslike manner. We ought to lend the money. If this Nation is to help other countries in the world; if it is to be a world leader, whether money is loaned on a governmental or a private basis, we should lend money on fairly long terms in the next 25 years, probably not less than \$10 billion a year. The funds ought to be given as loans, and should be expended for the purposes of building up countries and creating jobs. The battle of communism will be won on the basis of the jobs in the United States and in other friendly countries.

It is not possible to create jobs unless there is trade. It is not possible to have trade unless there are capital goods and tools in which to deal.

So I should like to lend the money. I should like to see private enterprise in the United States loan more money. I have no objection to having the Government loan money over a long period of time. What I object to is giving away money to foreign governments which accept it, spend it, and still do not create permanent jobs. It makes no sense for us to give money to a country to buy things the country can produce itself with its own labor and resources.

I will go so far as to say there are some countries which could not pay us back in dollars. Let those countries pay us back in their own currencies. Let us carry those funds as credit balances in the banks of those countries. We might even arrange in some foreign countries to loan the money to private enterprise there to help build up their own businesses.

Mr. SMITH of New Jersey. Mr. President, will the Senator yield?

Mr. CAPEHART. Those countries should tax their own people for the funds to run their own governments.

Any money we provide should be on a sound loan basis and should be used to create jobs to build up their productive capacities.

In that manner we may be able to defeat communism, instead of defeating it on the battlefield, though we may have to do that some day.

If we are forced to defeat communism on the battlefield, then we shall still have the problem of creating jobs and building industry and a higher standard of living for the defeated people.

Mr. SMITH of New Jersey. Mr. President, will the Senator yield?

Mr. CAPEHART. Winning militarily is just one phase of defeating the ideology of communism. Communism will only be defeated when jobs are provided and there is trade. You cannot defeat communism simply by giving away money. You can defeat communism by lending money to build up industry and create jobs. That is the way to do it.

Mr. SMITH of New Jersey. Mr. President, will the Senator from Indiana yield on that point?

Mr. CAPEHART. I yield.

Mr. SMITH of New Jersey. I may suggest to the Senator from Indiana that all the grants, of course, are duplicated with counterpart funds abroad, which are used for the very purpose the Senator from Indiana states. So we do get the benefit of that from the countries themselves.

But, beyond that, if the Senator from Indiana was arguing on the basis of commercial operations or the basis of running a business, I would agree with him insofar as the amendment is concerned. However, we are not proceeding on that basis. We are acting for the security of the United States, and we cannot achieve that goal on a loan basis.

Mr. LANGER. Mr. President, I suggest the absence of a quorum.

Mr. HUMPHREY. Mr. President, will the Senator withhold for a moment his suggestion of the absence of a quorum?

Mr. LANGER. I withhold it, Mr. President.

Mr. HUMPHREY. Mr. President, I shall be brief in my comment. I sympathize with the objective of the Senator from Indiana [Mr. CAPEHART]. I think he has made a rather persuasive case with reference to loan funds as compared with outright grants.

I think the record should be pretty clear that in this bill there is very little of what could be called outright economic assistance, except under title II of the bill, known as development assistance. That title relates primarily to the Near East and Africa, and south Asia, and there is \$9 million for the economic development in the other American Republics, where the Republic of Bolivia is included.

I have checked over the bill very carefully, being a member of the committee, and I have noticed so far as Western Europe is concerned there is no economic assistance except insofar as military assistance could be called economic assistance.

Mr. SMITH of New Jersey. That is correct. That is all a part of it.

Mr. HUMPHREY. That is all directly related to rearmament, to the North Atlantic Treaty Organization, and to the countries of Western Europe with whom we have direct military arrangements for the purpose of their own security.

The large amount of money which comes under what we call chapter 3 is Defense Support. Most of that goes to the Far East and for relief and rehabilitation—our own Korean relief and rehabilitation program and the United Nations relief program for the Republic of Korea.

Otherwise, there is only \$71 million for the so-called economic assistance for Defense Support directly related to the defense of Western Europe under our system of alliances and treaties.

The one area of this bill which I think is going to require a little more explanation before some Members of the Senate will be satisfied—I mean, Senators who intend to support the bill—is that area which relates to chapter 2, what we call

the Direct Forces Support for southeast Asia and the western Pacific. The amount of money included in that authorization is \$846 million.

I should like to point out that the total amount is approximately \$100 million less than the President requested. The amount is substantially less—some \$24 million less—than the House authorized. I think the Senate committee deserves some gratitude and acknowledgement for its frugality and prudence in this bill. I pay tribute to those Senators who spent hours of time in the marking up this bill and in listening to the testimony.

The Senator from Massachusetts [Mr. KENNEDY] raised questions I had desired to raise, as I had sought the attention of the Senator from Indiana, as to what is going to happen to these supplies—and there are large quantities of them—which are in the Indochina or the southeast Asia area.

I notice, for example, we still had unexpended as of June 30, 1954, \$755 million for southeast Asia and the western Pacific, in chapter 2 of title I, which relates to economic and military assistance to the Indochina area or that section of the world. It is estimated that on June 30, 1955, we will have \$701,400,000 still unexpended for that particular program. Of course, that contemplates the inclusion in the aggregate total of the \$846 million which this bill would authorize for the southeast Asia and western Pacific areas.

I think the question has to be faced by the Senate: Just what precautions have been taken beyond those which have been read now into the RECORD by the Senator from New Jersey in the letter from the Administrator of the Foreign Operations Administration? What precautions and protections have been exercised for the removal of strategic equipment and supplies and materiel at Hanoi and Haiphong particularly, those coastal areas which are now severed from the State of Vietnam, and are placed under the control of the Viet Minh, the Communist rule?

More than that, I think the question has to be clearly understood and clearly answered as to just who has title to the equipment we have placed in this area of the world. Do the French still retain all of that equipment? Do the French still have title to that equipment which was not delivered? Do the free States of Vietnam, Cambodia, and Laos want title? Will they receive title?

I do not believe these questions have been answered, Mr. President. I hope that before this debate concludes the Department of Defense, along with the Secretary of State and the Administrator of Foreign Operations Administration, will give us a conclusive statement, because it is all to the advantage, I may say, of any state or any nation to get economic assistance which builds up dollar balances.

Of course, the French would like to have those dollar balances. I am also sure that Cambodia and Laos would like to have equipment and dollar balances. We still have a problem as to whether or not they are going to be able even

to accept the equipment if they are neutralized.

We do not know yet what is going to happen under the full armistice or peace settlement in that area. There is a cessation of hostilities now, but not complete peace in the area. I think we need to have these questions answered, and I believe it is incumbent upon the proponents of the pending foreign-aid bill to give the Senate conclusive answers not just in terms of information desired by the Appropriations Committee, because we are now talking about authorizing another \$846 million.

This bill provides considerable flexibility for the President. I believe it gives 10 percent flexibility in the use of total funds. That represents approximately \$300 million out of the \$3 billion authorization. That percentage is attributable also to the unexpended balances which are listed here at somewhere around \$7 billion.

Mr. MANSFIELD. Mr. President, I think the Senator from Minnesota is raising some very significant points, and I hope answers will be given before we vote on this bill.

The Senator will recall that this bill was reported prior to the settlement of the Vietnamese question at Geneva, and the Senator will recall also that, in addition to the roughly \$800 million allocated to the general area of Indochina, there was a carryover of something like four or five hundred million dollars, so that what we have is something in excess of \$1 billion for this particular part of the Asian continent.

The distinguished Senator from New Jersey, the chairman of the Subcommittee on Far Eastern Affairs of the Foreign Relations Committee of the Senate, did point out on the basis of a letter received from Mr. Stassen, the FOA Director, that within a matter of 80 days, under the truce agreement, Hanoi must be evacuated, and within 300 days Haiphong must be evacuated, but we read in the press that the Vietnamese troops are defecting by the thousands, and they are taking with them arms, munitions, supplies of various kinds, and I think we ought to have a pretty strict accounting because the explanation that ships carrying the supplies have been stopped or diverted is not sufficient to suit me.

What are they doing now? Are they being diverted to Saigon; if so, are negotiations being carried on for the transfer of this material to the French, or is the recommendation of the American Ambassador to Indochina, Mr. Heath, of a few days ago that the transferability from now on should be through the Indochinese states of Laos, Cambodia, and Vietnam, being considered?

There are many questions tied up with this \$1,300,000,000 or \$1,400,000,000.

Mr. HUMPHREY. Of the past.

Mr. MANSFIELD. Yes; and in this pending bill; and I think we ought to get the answers because, so far as the past is concerned, we have spent in excess of \$2,100,000,000 in Indochina alone so far.

This money cannot go out forever. We have got to find out what it is being

spent for, who has title to it, what our interests are in it, and if it is being used effectively, or if the end result will be a turnover, as happened in China to the advancing Communists, with the result that we indirectly will be arming and supplying them.

I think these questions are very important, and I hope the answers come before this bill is voted on because we should know, insofar as it is possible, what is being done with this huge amount of money and with the supplies which have been stopped in transit.

Mr. HUMPHREY. I thank the Senator from Montana.

I am going to conclude my comments now. Our friend, the Senator from Indiana, has another appointment, and we want to vote on his amendment.

I desire to make this comment: Much of the equipment used by the Chinese Communist Armies in Korea, in North Korea, in attacks upon American forces and United Nations forces was equipment which came from American arsenals. I mean, it was equipment taken from the forces of Chiang Kai-shek going over to the forces of the Communists, and then was used upon us, and also much of the equipment the Eighth Army had was captured in the unfortunate retreat from Yalu River area.

I do not want to see equipment that is the best we can produce, falling into the hands of the enemy only to be turned on us or turned upon our friends at a later date, and I think we have to face up to the fact the Senator from Montana has pointed out, of the mass defection of troops of the Vietnamese going over to the Viet Minh.

Mr. MANSFIELD. Will the Senator yield for one more observation?

Mr. HUMPHREY. I yield.

Mr. MANSFIELD. What the Senator says is absolutely correct. Like the Senator, I do not want to see armament supplied by the United States used by our enemies to attack us or even our friends, but I should like to call the Senator's attention to the fact that when the Communists took over China in 1949, the movies of their triumphant marches in Peiping, Tientsin, and other Chinese cities, showed them handling American equipment, tanks, guns, uniforms—

Mr. HUMPHREY. The best we had.

Mr. MANSFIELD. The best we had, and they were used against our friends, and they were used against us eventually in Korea.

Mr. HUMPHREY. That is my point, Mr. President; I want to make positively sure before we vote on this bill that safeguards and protections and precautions have been written into it in a way we can understand and as a matter of legislative record, to make absolutely certain that everything has been done within the realm of possibility to withdraw equipment from areas where it might fall into the hands of the Communists; to make sure that the title to that equipment goes to the people who really deserve it, and to clarify whether or not the title is in the hands of the friends of the United States, of our friends, Vietnam, Laos, and Cambodia, or in the hands of our enemies.

I think we must pinpoint this. We cannot rely upon a general statement. We have got to have it a little more precise than that.

Mr. LANGER. Mr. President—

The PRESIDING OFFICER. The Chair recognizes the Senator from North Dakota.

Mr. LANGER. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the order for the call of the roll be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the amendment of the Senator from Indiana [Mr. CAPEHART] to the committee amendment on page 133, in lines 15, 16, and 22.

Mr. LANGER and Mr. KNOWLAND requested the yeas and nays.

The yeas and nays were ordered.

Mr. CAPEHART. Mr. President, I just want to say that this amendment does not increase the amount of the authorization. It simply says that an additional \$600 million must be loaned instead of given away. That is all it does.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Indiana to the committee amendment on page 133, lines 15, 16, and 22.

The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. SALTONSTALL. I announce that the Senator from Maryland [Mr. BEALL] and the Senator from Wisconsin [Mr. MCCARTHY] are necessarily absent.

On this vote the Senator from Wisconsin [Mr. MCCARTHY] has a pair with the Senator from Maryland [Mr. BEALL]. If present and voting, the Senator from Wisconsin [Mr. MCCARTHY] would vote "yea" and the Senator from Maryland [Mr. BEALL] would vote "nay."

Mr. CLEMENTS. I announce that the Senator from Mississippi [Mr. EASTLAND], the Senator from Delaware [Mr. FREAR], the Senator from Tennessee [Mr. KEFAUVER], and the Senator from Arkansas [Mr. McCLELLAN] are absent on official business.

I announce further that the Senator from Delaware [Mr. FREAR] is paired with the Senator from Tennessee [Mr. KEFAUVER]. The Senator from Delaware [Mr. FREAR] would vote "yea." The Senator from Tennessee [Mr. KEFAUVER] would vote "nay."

The result was announced—yeas 33, nays 57, as follows:

YEAS—33

Barrett	Ervin	Mundt
Bennett	Goldwater	Potter
Bricker	Jenner	Reynolds
Butler	Johnson, Colo.	Robertson
Byrd	Johnston, S. C.	Russell
Capehart	Langer	Schoeppel
Case	Lennon	Stennis
Crippa	Long	Watkins
Daniel	Magnuson	Welker
Dworshak	Malone	Williams
Ellender	Maybank	Young

NAYS—57

Alken	Bridges	Carlson
Anderson	Burke	Chavez
Bowring	Bush	Clements

Cooper	Hill	Monroney
Cordon	Holland	Morse
Dirksen	Humphrey	Murray
Douglas	Ives	Neely
Duff	Jackson	Pastore
Ferguson	Johnson, Tex.	Payne
Flanders	Kennedy	Purtell
Fulbright	Kerr	Saltonstall
George	Kilgore	Smathers
Gillette	Knowland	Smith, Maine
Gore	Kuchel	Smith, N. J.
Green	Lehman	Sparkman
Hayden	Mansfield	Symington
Hendrickson	Martin	Thye
Hennings	McCarran	Upton
Hickenlooper	Millikin	Wiley

NOT VOTING—6

Beall	Frear	McCarthy
Eastland	Kefauver	McClellan

So Mr. CAPEHART's amendment was rejected.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its clerks, announced that the House had passed, without amendment, the bill (S. 3466) to provide for two additional Assistant Secretaries of the Army, Navy, and Air Force, respectively.

The message returned to the Senate, in compliance with its request, the bill (S. 3137) to make the provisions of the act of August 28, 1937, relating to the conservation of water resources in the arid and semiarid areas of the United States, applicable to the entire United States, and to increase and revise the limitation on aid available under the provisions of the said act, and for other purposes.

The message also announced that the House had passed a bill (H. R. 9390) to extend certain civilian-internee and prisoner-of-war benefits under the War Claims Act of 1948, as amended, to civilian internees and American prisoners of war captured and held during the hostilities in Korea, in which it requested the concurrence of the Senate.

ENROLLED BILLS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the President pro tempore:

S. 2846. An act to amend certain provisions of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, the Trust Indenture Act of 1939, and the Investment Company Act of 1940; and

S. 3589. An act to provide for the independent management of the Export-Import Bank of Washington under a Board of Directors, to provide for the representation of the bank on the National Advisory Council on International Monetary and Financial Problems and to increase the bank's lending authority.

ENROLLED BILLS PRESENTED

The Secretary of the Senate reported that on today, July 29, 1954, he presented to the President of the United States the following enrolled bills:

S. 2846. An act to amend certain provisions of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, the Trust Indenture Act of 1939, and the Investment Company Act of 1940; and

S. 3589. An act to provide for the independent management of the Export-Import Bank of Washington under a Board of Directors, to provide for the representation of the bank on the National Advisory Council on International Monetary and Financial Problems and to increase the bank's lending authority.

HOUSE BILL REFERRED

The bill (H. R. 9390) to extend certain civilian-internee and prisoner-of-war benefits under the War Claims Act of 1948, as amended, to civilian internees and American prisoners of war captured and held during the hostilities in Korea, was read twice by its title and referred to the Committee on the Judiciary.

MUTUAL SECURITY ACT OF 1954

The Senate resumed the consideration of the bill (H. R. 9678) to promote the security and foreign policy of the United States by furnishing assistance to friendly nations, and for other purposes.

Mr. KNOWLAND. Mr. President, earlier in the day, after consultation with the distinguished minority leader and with the chairman of the Committee on Foreign Relations, I asked that the committee amendment, on page 82, beginning with the last paragraph, and extending to line 6 on page 83, be divided from the preceding portion of the amendment. The committee unanimously inserted the paragraph referred to as a part of the committee amendment, and now, by unanimous consent of the Senate, it has been divided so we can get a separate vote on it. It reads as follows:

The Congress hereby reiterates its opposition to the seating in the United Nations of the Communist China regime as the representative of China. In the event of the seating of representatives of the Chinese Communist regime in the Security Council or General Assembly of the United Nations, the President is requested to inform the Congress insofar as is compatible with the requirements of national security, of the implications of this action upon the foreign policy of the United States and our foreign relationships, including that created by membership in the United Nations, together with any recommendations which he may have with respect to the matter.

This provision was unanimously approved by the Committee on Foreign Relations. I ask, on that separate paragraph, that we may have the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. In accordance with the unanimous-consent agreement, the question is on agreeing to the last paragraph of section 101 of the committee amendment, on pages 82 and 83. The yeas and nays having been ordered, the clerk will call the roll.

The Chief Clerk called the roll.

Mr. SALTONSTALL. I announce that the Senator from Maryland [Mr. BEALL] is necessarily absent.

If present and voting, the Senator from Maryland [Mr. BEALL] would vote "yea."

Mr. CLEMENTS. I announce that the Senator from Mississippi [Mr. EASTLAND],

the Senator from Delaware [Mr. FREAR], the Senator from Tennessee [Mr. KEFAUVER], and the Senator from Arkansas [Mr. McCLELLAN] are absent on official business.

I announce further that if present and voting, each of the Senators whose absence I have announced would vote "yea."

The result was announced—yeas 91, nays 0, as follows:

YEAS—91

Aiken	Goldwater	McCarthy
Anderson	Gore	Millikin
Barrett	Green	Monroney
Bennett	Hayden	Morse
Bowring	Hendrickson	Mundt
Bricker	Hennings	Murray
Bridges	Hickenlooper	Neely
Burke	Hill	Pastore
Bush	Holland	Payne
Butler	Humphrey	Potter
Byrd	Ives	Purtell
Capehart	Jackson	Reynolds
Carlson	Jenner	Robertson
Case	Johnson, Colo.	Russell
Chavez	Johnson, Tex.	Saltonstall
Clements	Johnston, S. C.	Schoeppel
Cooper	Kennedy	Smathers
Cordon	Kerr	Smith, Maine
Crippa	Kilgore	Smith, N. J.
Daniel	Knowland	Sparkman
Dirksen	Kuchel	Stennis
Douglas	Langer	Symington
Duff	Lehman	Thye
Dworshak	Lennon	Upton
Ellender	Long	Watkins
Ervin	Magnuson	Welker
Ferguson	Malone	Wiley
Flanders	Mansfield	Williams
Fulbright	Martin	Young
George	Maybank	
Gillette	McCarran	

NOT VOTING—5

Beall	Frear	McClellan
Eastland	Kefauver	

So the last paragraph of section 101 of the committee amendment on pages 82 and 83 was agreed to.

The PRESIDING OFFICER (Mr. PAYNE in the chair). The bill is open to further amendment.

Mr. WILEY. Mr. President, I desire to offer several amendments, as to which I believe there is no disagreement.

On page 157, line 9, the section number "527" should be changed to "526."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Wisconsin.

The amendment was agreed to.

Mr. WILEY. Mr. President, I call up my amendment 7-27-54-A, which I offered at the instance of the Senator from Iowa [Mr. HICKENLOOPER] and the Senator from Vermont [Mr. FLANDERS], which provides for the utilization of counterpart funds by two joint committees of Congress.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 129, line 10, after the word "Congress", it is proposed to insert the following: ", including the Joint Committee on Atomic Energy and the Joint Committee on the Economic Report."

On page 129, line 20, after the word "Senate", insert the following: "or a joint committee of the Congress."

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. WILEY. I yield.

Mr. CAPEHART. Is the amendment limited to the Joint Committee on Atomic Energy and the Joint Committee on the Economic Report?

Mr. WILEY. Yes.

Mr. CAPEHART. Does the amendment apply to committees like the Committee on Foreign Relations?

Mr. WILEY. Committees such as that on foreign relations are already provided for.

Mr. CAPEHART. Does it apply to the Joint Committee on Defense Production?

Mr. WILEY. No.

Mr. CAPEHART. Does it include every committee of the House, and every joint committee of both Houses?

Mr. WILEY. No.

Mr. CAPEHART. Is there any question about it?

Mr. WILEY. If the proposed amendment is agreed to, counterpart funds will be available to the Joint Committee on Atomic Energy, the Joint Committee on the Economic Report, and other committees carrying out their duties under section 136 of the Legislative Reorganization Act.

Mr. CAPEHART. Does the Senator think it is or is not correct? If it is not correct, I wish to offer an amendment to make it certain that every committee is included.

Mr. McCARRAN. Mr. President, will the Senator yield?

Mr. WILEY. I yield to the Senator from Nevada.

Mr. McCARRAN. Does the amendment proposed by the Senator from Wisconsin include committees of the Senate and committees of the House—for instance, the Committee on Appropriations?

Mr. WILEY. Those committees are already covered. The amendment does not affect them.

Mr. McCARRAN. Does it include any committee which is not a joint committee?

Mr. WILEY. I shall have to say that, in my opinion, the amendment simply adds to the power which already exists for the utilization of counterpart funds. The committees which already have used them can continue to use them; and in addition the Joint Committee on Atomic Energy and the Joint Committee on the Economic Report are entitled to use them.

The amendment was presented at the instance and request of the Senator from Iowa [Mr. HICKENLOOPER] and the Senator from Vermont [Mr. FLANDERS].

Mr. BYRD. Mr. President, will the Senator yield?

Mr. WILEY. I yield.

Mr. BYRD. Is the counterpart money used to pay the expenses of Senators and Representatives and Federal employees when they travel abroad?

Mr. WILEY. May I first answer the distinguished Senator from Nevada? The language has been included in order to make certain that the Joint Committee on Atomic Energy and the Joint Committee on the Economic Report shall have power to use counterpart funds when and if the occasion arises.

Counterpart funds, as the Senator from Virginia well knows, are foreign currencies

which are at the disposal of the United States. Those funds can be used by committees.

Mr. BYRD. For what purpose?

Mr. WILEY. Whatever the purpose may be in carrying out their duties of legislative oversight.

Mr. BYRD. For the traveling expenses of Senators and Representatives and Federal employees?

Mr. WILEY. That is correct.

Mr. BYRD. In other words, they can draw on the counterpart funds.

Mr. WILEY. They will have to do the same as the members of all other committees do with respect to counterpart funds.

Mr. BYRD. What is that?

Mr. WILEY. Whenever a committee utilizes counterpart funds, it will have to account for them. Instead of using cash from the Treasury, Members will use the funds of France or Great Britain, when they are on missions in those countries.

Mr. BYRD. What is the object of that? The fund belongs to the United States Government. It should go into the Treasury, there to be appropriated. Why should it not go through the expenditure budget just as all other expenditures are made?

Mr. WILEY. That will have to be determined by changing the policy of the Congress.

Mr. KNOWLAND. Mr. President, I wonder if the Senator will yield at that point? I had given prior notice that at the hour of 3 o'clock the conference report on the tax bill was to be called up. I had informed quite a few Senators who had made inquiries that they should arrange to be present at that time. I suggest that we interrupt debate on the amendment at this time, because obviously it is going to take additional discussion and debate before action can be taken on it, and the conference report on the tax bill can be called up.

Mr. WILEY. Mr. President, will the Senator withhold his request, so that I can yield to the Senator from Iowa for a statement?

Mr. KNOWLAND. Yes.

Mr. HICKENLOOPER. I should like to say to the Senator from Virginia that while I did not generate the amendment, it is designed only to place the members of the joint committees of Congress on the same privilege and footing with regard to using counterpart funds that is accorded to other committees.

Mr. BYRD. For what are the funds going to be used?

Mr. HICKENLOOPER. For expenses.

Mr. BYRD. For traveling expenses in Europe, or what?

Mr. HICKENLOOPER. Yes.

Mr. BYRD. Traveling expenses.

Mr. HICKENLOOPER. For instance, the counterpart funds—

Mr. BYRD. I am familiar with that aspect. We have adopted amendments to place other counterpart funds under the budget. That is what we ought to do in this case. Such funds ought to go through the same channels as any other expenditures.

Mr. HICKENLOOPER. I have no objection to that, but standing committees of the Congress—at least some of them—

are authorized to use such funds for accountable traveling expenses, and use foreign currency rather than American dollars out of the Treasury. The joint committees are not standing committees of Congress. If they are to be put on an equal footing with standing committees, such an arrangement is necessary. I am satisfied with a provision that would provide for the strict accounting of such funds.

Mr. CASE. Mr. President, will the Senator yield?

Mr. KNOWLAND. I have already suggested that in view of the fact that debate on the amendment will probably go on for a little time, and in view of the prior notice given that the conference report on the tax bill would be taken up at this time, and in view of the further fact that the distinguished Senator from Colorado [Mr. MILLIKIN], the chairman of the Finance Committee, is present and ready to take up the report now, I should like to have that done. I understand that the distinguished Senator from Massachusetts [Mr. SALTONSTALL], who is chairman of the Committee on Armed Services, which was the second committee to report the bill, has a brief statement he would like to make.

Before yielding to him, I yield to the Senator from Nevada, who has matters he would like to have printed in the RECORD.

SELF-SUFFICIENCY OF WESTERN HEMISPHERE—
77 CRITICAL MINERALS AND MATERIALS—PEACE
AND WAR—SECURITY

Mr. MALONE. Mr. President, I ask unanimous consent to have printed in the body of the RECORD as a part of my remarks two articles written by George E. Sokolsky, one dated July 2, 1954, entitled "Mineral Supply Vital for Survival," and one dated July 21, 1954, entitled "We Don't Know Our Mineral Wealth."

Mr. President, Mr. Sokolsky needs no identification or references for the American public—he is an outstanding historian, columnists, and television commentator.

His background of experience and observation in Russia, Asia, and Europe and the effect and trend of our international affairs and relations justifies close study and attention to his remarks in this field.

[From the Journal-American of July 2, 1954]

MINERAL SUPPLY VITAL FOR SURVIVAL

(By George E. Sokolsky)

Senator GEORGE MALONE, of Nevada, is the only professional engineer in the United States Senate and therefore he brings into that body a point of view which is very different from that of the lawyer. An engineer is trained to deal with facts without poetic license; a lawyer is trained to defend a thesis or to advocate a cause.

The problem that faces Malone's committee is: precisely what is the situation of the United States with regard to minerals, metals, and other strategic materials. This committee has produced a tremendous volume of technical data, difficult to read at times but all of it extremely important. The assumption has heretofore been that the United States was short of certain strategic materials which could only be made available by overseas commerce which could be shut down swiftly in the event of war.

For instance, tin and rubber from Malaya might be withheld from us should Red China come into possession of that country.

COVERS 77 ITEMS

According to the Malone report, 77 minerals and materials, included in this report, are vital to the maintenance of the American economy and its prowess as a military force. It lays down this finding absolutely:

"The Western Hemisphere will be the only dependable source of the critical raw materials in the event of an all-out world war.

"The delivery of any such critical materials to this Nation across a major ocean during such a conflict will be highly 'problematical'."

This position is unquestionable in the nature of modern warfare. The oceans can be closed down until one power or the other gains a total victory. The schnorkel submarine, the atomic submarine, and the long-distance airplane make the ocean lanes of traffic unsuitable in war. The Pacific Ocean was unsafe for the transportation of supplies of rubber and tin during World War II, with the result that the United States was forced to develop a synthetic-rubber industry based on the Baruch report. It will be forgotten, of course, how Fiorello La Guardia desperately collected tin cans in the hope of meeting the tin crisis, cans which eventually helped to fill the Jersey meadows.

The hope of meeting future crises is in a hemispheric cultivation of mineral production and the means for the transportation of minerals and their products without the perils of the seas. The "Europe first" attitude of the State Department resulted not only in the loss of China but also in the partial abandonment of the Latin American countries. This committee lays emphasis on the importance of regarding the Western Hemisphere and cultivating its economy as a unit. It says:

"It is imperative to the security of this Nation and to the nations of the Western Hemisphere that they foster the greatest measure of self-sufficiency in the production of the critical materials.

"It is vital to our domestic welfare, economy, and security that maximum economic production be maintained within our borders.

"The Western Hemisphere can be defended.

"The Western Hemisphere can be made self-sufficient in the production of the critical materials which are essential in war and in peace."

NO OTHER ALTERNATIVE

In time of war there will be no alternative to self-sufficiency. Once the oceans are closed down to commerce, we shall have to exist on what we have within our own boundaries or what we have stockpiled or what we can bring to our smelters and mills from within the Western Hemisphere. Much of our thinking on this subject has been based on the assumption that many strategic minerals and materials were available only in Europe, Asia, or Africa.

It is like that famous speech on "acres of diamonds"—we seek all over the world for what can be found in our backyard. The committee found:

"During the last two decades, established procurement practices have dangerously increased our dependence upon nations across major oceans for the critical materials without which this Nation cannot survive.

"Evidence is conclusive that we have become dependent upon overseas suppliers across such major oceans for many of such critical materials. We must avoid dependence upon an overseas supplier to the extent that he could suddenly render us impotent by withdrawing supplies of critical materials during a world conflict, or could use such dependence as a political or economic bargaining lever."

The supply of minerals and essential materials is the first task of war preparedness in this age.

[From the Journal-American of July 21, 1954]

WE DON'T KNOW OUR MINERAL WEALTH

(By George E. Sokolsky)

It is surprising to learn from the report of the Malone committee that less than 1 percent of the area of the United States has been included in geological investigations. How then do we know what our mineral wealth is? We are constantly being told that our foreign policy is to a degree based on our shortages of certain minerals and materials. How do we know? Only 12.5 percent has been geologically mapped by the United States Geological Survey which began to work in 1880.

I wonder how much of our various contributions to foreign aid has been spent in distant countries to discover minerals that have to be brought to us across the oceans in time of war? The defeat of the French in Indochina means, in American terms, that Burma, Malaya, and Indonesia are in peril within a few years, thus imperiling our principal source of tin and raw rubber.

The Malone committee definitely assures the country: "The United States cannot possibly exhaust its present and potential fuels supply including petroleum and coal in the foreseeable future. The absolute necessity for going-concern industries cannot be overemphasized."

LARGE OIL RESERVES

The petroleum industry benefits by depletion allowances which encourage risk investments in this commodity. The committee recommends that depletion allowances be granted other mineral industries as an incentive for risk investment. The committee reports: "Enormous oil reserves are found in the shales and/or coal of Colorado, Wyoming, Utah, Kentucky, Indiana, and Ohio, as well as in Canada. It has been estimated these shales contain over 200 billion barrels of oil. Experimental work by the Union Oil Co. and Bureau of Mines in pilot plant operation shows that petroleum production from this source is entirely practicable and that vast amounts of oil may be produced in the foreseeable future. The Green River formation in Colorado alone has been described as an area of 1,000 square miles with an underlay of oil shale 500 feet thick averaging a recovery of 15 gallons of oil per ton."

The Malone committee favors a protective policy for the American mineral industry so that American risk capital will go into these businesses. The point is made: "Mines once closed down require years of time and tremendous investments to reopen. With experienced workers and technical staffs widely scattered, machinery liquidated, mines flooded and caved, much of our once available reserves are destroyed, and prospecting for new reserves is discouraged. Failure to realize the situation could mean tragedy to our economy and our material security.

"Numerous administrative agencies and departments of the Government are involved in the stockpile program, or in efforts to increase the production of critical materials. They act independently of each other and none are charged with the complete operation. Many are not cognizant of the end objectives of the program. Their activities are marked by confusion and delay."

WE IMPORT TITANIUM

There are 77 essential mineral and materials without which it is impossible to conduct war or to maintain our industries. In case of war, it would probably be impossible to bring these minerals and materials to this country across the oceans. The Malone committee sought to discover whether these minerals and materials are available on the American continents.

For instance, titanium is one of the most important minerals. It is essential for bomber planes flying great distances at su-

personic speeds. This country needs 150,000 tons of titanium annually and we produce 2,000 tons. The committee reports: "In 1953 the Secretary of Defense recommended the production of 35,000 tons of titanium annually by 1956. The Office of Defense Mobilization reduced the figure to 25,000 tons and up to September 21 of that year the General Services Administration had let contracts for 13,200 tons and the actual annual production was little over 2,000 annual tons."

If titanium has to be brought across oceans, it is possible that we shall not have any in wartime. At present, Australia and India are sources of the raw material. Obviously this material could not be brought across the Pacific Ocean in the event of a Far Eastern war. India may prevent us from shipping this war essential at the behest of the Soviet Universal State. According to Senator GEORGE MALONE's committee, there is more ilmenite, from which titanium is made, in the United States and Canada than could be used in a century. Why are we going to India for this material?

Mr. President, the hearings and report to which Mr. Sokolsky refers were held and the report submitted to the Senate in response to Senate resolution No. 143 passed by the first session of the 83d Congress on July 28, 1953 and the report rendered to the Senate on July 9, 1954, and is available to the public.

PAN-AMERICAN SELF-SUFFICIENCY, 77 CRITICAL MATERIALS, PEACE AND WAR SECURITY

Mr. President, I ask unanimous consent to have printed in the body of the RECORD at this point in my remarks an article by E. F. Tompkins, editor of the New York Journal-American, entitled "Our Hope of Security," published in the New York Journal-American of July 27, 1954.

Mr. President, Mr. Tompkins' editorial experience and ability is nationally recognized. He is fearless in voicing his convictions and principles.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

PAN-AMERICANISM: OUR HOPE OF SECURITY (By E. F. Tompkins)

Are these assertions true?

1. The United States is incurably dependent on Asia, Africa, and Europe for critical raw materials necessary for us either to live in peace or conduct a war.

2. Consequently we must adopt free trade, send vast sums of money overseas in foreign aid, and sink our sovereignty in world government; otherwise, how can we procure from distant and sometimes hostile continents the strategic items required for our survival?

Now available are two compendious and conflicting answers to the question.

The affirmative reply was given in 1952 by the President's Materials Policy Commission, of which Mr. William S. Paley was Chairman. The rebuttal has just come from a congressional subcommittee under the chairmanship of Senator MALONE, of Nevada.

FIFTY-EIGHT HEARINGS HELD

The documents are interlocking. The Malone committee, which held 58 hearings, included the Paley Commission in its purview. It says:

"The report of this commission * * * has been widely quoted by economists, conservationists, and social scientists. It has been referred to in international meetings and in discussions at the United Nations as an authoritative text. * * * It has had

a profound influence on the policies of many Government agencies dealing with the production of critical materials."

This is quite true. Washington has in its bureau drawers legislative proposals emanating from the Paley report. In U. N. sessions, the Paley report is cited to support global "planned economy" schemes. To impress Americans, the report warned that this country's practices, if continued, would "exhaust its mineral supply by 1975." And recommendation was made "that our tariffs should be lowered."

The Malone committee minimizes the Paley commission's findings as "a compendium worked out by economists and theorists based upon statistical assumptions of questionable validity." It holds that Commission "woefully lacking in skilled engineers, geologists, and men with industrial background."

This can be accounted for. The Commission was a part of the Truman administration. Naturally, then, its "experts" represented Truman-Acheson policies, which—the Malone report alleges—were mainly formulated by Alger Hiss and the late Harry Dexter White.

The Malone committee took a technological approach. It checked, item by item, the 77 strategic raw materials on the Defense Department's list, "which we have acquired by imports from abroad." It quotes military authority to show that, in a third world war, we would be cut off by sea and air from the foreign sources and thereby defeated. It concludes, therefore, that worldwide internationalism provides no security.

CAN BE DEVELOPED

The Malone report puts reliance solely in the Western Hemisphere, which it says actually contains, although still undeveloped, everything we need in strategic materials.

"This area," the committee finds, "can be defended and can be made self-sufficient in the production of such materials."

"We recommend that the spirit of the 130-year-old Monroe Doctrine prevail in our relations with the nations of the Western Hemisphere."

The Malone committee's position is thus an economic counterpart of the Eisenhower administration's recent reaffirmation of the Monroe Doctrine as the kernel of our diplomatic relations.

Mr. MALONE. Mr. President, I particularly call attention to the closing paragraph that the report presented to the United States Senate on July 9, 1954, in response to Senate Resolution 143, is, and I quote:

The Malone committee's position is thus an economic counterpart of the Eisenhower administration's recent reaffirmation of the Monroe Doctrine as the kernel of our diplomatic relations.

EDITORIAL, MINING AND CONTRACTING REVIEW, SALT LAKE CITY, UTAH—AMERICAN DEPENDENCY UPON FOREIGN NATIONS 77 CRITICAL MATERIALS

Mr. President, I ask unanimous consent to have printed in the body of the RECORD at this point in my remarks an editorial entitled "Recommended Reading," published in the Mining and Contracting Review of July 1954.

Mr. Burt B. Brewster, E. M., editor and publisher of the Mining and Contracting Review is well and favorably known among the mining fraternity of the Nation.

Mr. Brewster has had long experience in the field of mining and understands the importance of going-concern industries to our security and our national economic structure.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

RECOMMENDED READING

Whether it be coal, metals, wool, or other raw material, each has been the subject of vicious and false propaganda. The Malone committee report should refute this propaganda. It has, surprisingly enough, been given wide publicity in the press and in periodicals. One finding—to do with the have-not philosophy—confirms the raw materials industries' charges. It says:

"Much of our present national policy is based on the assumption that the United States is definitely a have-not nation in respect to a considerable number of vital and strategic raw materials, viz: that we have exhausted our minerals and ores."

"This assumption is one of the greatest frauds and hoaxes ever perpetrated on the American people. It has had a sinister origin and has been perpetuated by various commissions, principally manned by economists, who, despite the pretense of detailed study, have failed to examine into the fundamentals."

"These so-called experts, not experienced in problems of production, have had no actual production or mining experience but have relied on statistical material wrongly interpreted and consequently misleading."

"This false assumption has had a direct bearing on the conduct of our foreign policy. It has led us to underwrite the fiscal systems and the cost policies of various foreign states whose friendship is deemed of the greatest importance due to their possession of raw materials which we are believed to lack."

"As the matter now stands, there is every possibility that our current dependency on foreign sources of supply may be the weak link in our defense that makes it attractive to the Russians to embark on a war on the simple score of a feasible short war. This strategic motivation could invite an effort to cut off the United States from sources of critical raw materials essential to its industrial plan, and hence to our ability to wage war."

It is to be hoped that the President—so long concerned with the welfare of industry in foreign countries—can tear himself away from his captors, the internationalists, long enough to read the Malone committee report, particularly the section quoted above.

The disregard for our national security and economic welfare on the part of the President's advisers and international chums is criminal, if not indirectly treasonable, in view of the fact that most of the foreign nations for whom the United States has done so much are now thumbing their noses at the United States. In such an atmosphere our domestic economy should come first—lest the Communist hope for our financial and industrial collapse come about.

Enough of psalm singing.

Mr. MALONE. Mr. President, Mr. Brewster is correct when he says that "as the matter now stands there is every possibility that our current dependency on foreign sources of supply may be the weak link in our defense that makes it attractive to the Russians to embark on a war on the simple score of a feasible short war."

EXTENSION OF TITLE III OF SERVICEMEN'S READJUSTMENT ACT OF 1944

Mr. KNOWLAND. Mr. President, the Senator from Indiana has a bill which he would like to have considered at this time, by unanimous consent. The bill has been cleared with the minority, and

I understand it is unanimously approved. It must go to conference, because of the expiration date involved. This measure deals with veterans' loans.

Mr. CAPEHART. Mr. President, the existing law on this subject expires on July 31. Therefore, it is important that this bill be passed promptly, for it must go to conference.

So, Mr. President, I now ask unanimous consent that the Senate proceed to the consideration of Calendar 1926, House bill 8152, to extend to June 30, 1955, the direct home and farmhouse loan authority of the Administrator of Veterans' Affairs under title III of the Servicemen's Readjustment Act of 1944, as amended, to make additional funds available thereunder, and for other purposes.

Mr. MAYBANK. Mr. President, will the Senator from Indiana yield?

Mr. CAPEHART. I yield.

Mr. MAYBANK. Let me say, in speaking for the Democratic side, that the distinguished Senator from Alabama and all the others of us unanimously approve the bill.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Indiana?

There being no objection, the Senate proceeded to consider the bill (H. R. 8153) to extend to June 30, 1955, the direct home and farmhouse loan authority of the Administrator of Veterans' Affairs under title III of the Servicemen's Readjustment Act of 1944, as amended, to make additional funds available thereunder, and for other purposes, which had been reported from the Committee on Banking and Currency with an amendment, to strike out all after the enacting clause and insert:

That the Servicemen's Readjustment Act of 1944, as amended, is hereby amended—

(a) by striking out of clause (C) of section 512 (b) "July 31, 1954" and inserting in lieu thereof "June 30, 1955";

(b) by striking out of section 512 (d) "to any private lending institution evidencing ability to service loans" and inserting in lieu thereof "to any person or entity approved for such purpose by the Administrator";

(c) by striking out of the first sentence of section 513 (a) "July 31, 1954" and inserting in lieu thereof "June 30, 1955";

(d) by striking out of the third sentence of section 513 (c) "June 30, 1955" and inserting in lieu thereof "June 30, 1956";

(e) by striking out of the first sentence of section 513 (d) "July 31, 1954" and inserting in lieu thereof "June 30, 1955";

(f) by striking out of section 513 (d) the second time it appears the sum of "\$25,000,000" and inserting in lieu thereof the sum of "\$50,000,000."

Mr. HUMPHREY. Mr. President, let me ask what the nature of the amendment in the form of a substitute is?

Mr. SPARKMAN. Mr. President, will the Senator from Indiana yield, to permit me to answer the question?

Mr. CAPEHART. I yield.

Mr. SPARKMAN. The situation is that the Senate passed the provisions now carried in this bill, as a substitute for a part of the general housing bill. The House has passed a separate bill. We have stricken out the House language, and have inserted our own.

Mr. CAPEHART. Yes.

Mr. MAYBANK. And we inserted a provision for \$50 million as a revolving fund for veterans.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

The PRESIDING OFFICER. If there be no further amendment to be proposed, the question is on the engrossment of the amendment and third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

MUTUAL SECURITY ACT OF 1954

The Senate resumed the consideration of the bill (H. R. 9678) to promote the security and foreign policy of the United States by furnishing assistance to friendly nations, and for other purposes.

Mr. CASE. Mr. President, will the Senator yield for a parliamentary inquiry?

Mr. KNOWLAND. I yield for a parliamentary inquiry.

Mr. CASE. The junior Senator from South Dakota would like to inquire whether any action has been taken with respect to the committee amendment which would preclude the offering of amendments to the paragraph dealing with the use of foreign currency. It is the opinion of the junior Senator from South Dakota that the use of foreign currency by committees of Congress should be put under as strict control as any other use of such funds.

The PRESIDING OFFICER (Mr. PAYNE in the chair). There has been no action taken on amendments except on page 82, starting at line 13, and ending on line 6 on page 83. Now pending is the amendment offered by the Senator from Wisconsin [Mr. WILEY].

Mr. CASE. Would the adoption of the amendment offered by the Senator from Wisconsin preclude the offering of an additional amendment to subparagraph (b), on page 129?

The PRESIDING OFFICER. The Chair is advised that it would be possible to offer an amendment to the Wiley amendment.

Mr. CASE. Or to the remainder of the paragraph?

The PRESIDING OFFICER. In other words, if the Senator from South Dakota were precluded from offering an amendment at that particular time, there would be no question that he would be able to offer his amendment after action has been taken on the Wiley amendment.

Mr. KNOWLAND. Mr. President, I now yield to the Senator from Massachusetts.

Mr. SALTONSTALL. Mr. President, the Committee on Armed Services held executive hearings on the Mutual Security Act subsequent to the time the bill had been reported by the Committee on Foreign Relations.

The basic purpose of the hearings conducted by the Armed Services Committee was to ascertain whether the programs contemplated by the Mutual Security Act actually strengthen our own

national security rather than weaken it by draining off badly needed resources.

In effect, therefore, the purpose of the Armed Services Committee was to take what might be termed a "purely military" look at this program.

After extensive consultations with witnesses who have key responsibilities in the field of national security, the committee concluded that this program is of invaluable aid to our own national security. We feel that it is an indispensable counterpart to the measures which we take to arm and equip our own soldiers, sailors, airmen, and marines. The program makes a clear-cut, definite contribution to our own military readiness by placing our allies in a better position to resist the common enemy.

There is one paragraph of the bill, however, which caused the committee considerable apprehension. After hearing the original testimony on this particular paragraph, the committee recalled the Chairman of the Joint Chiefs of Staff for additional testimony.

The paragraph to which I have referred is in section 503 (b) (1), relating to the June 30, 1955, termination of the program.

Both Under Secretary of State Smith and Admiral Radford recommended strongly against this provision.

The basis for their concern was a strong feeling that the language of this portion of the bill would create in the minds of our friends the feeling that, after June 30, 1955, the United States would discontinue its program of mutual security.

The language to which Secretary Smith and Admiral Radford disagree provides that after June 30, 1955, none of the authority to be conferred by the bill may be exercised for carrying out any function authorized by title I or title II, except for certain liquidating or winding-up operations.

Since military assistance is authorized by title I, chapter 1, of the act, the effect of the amendment is to terminate all military assistance programs on June 30, 1955, except that during the succeeding 24 months; (1) military assistance funds obligated on or before that date may be spent; (2) military equipment for which funds have been obligated on or before that date may be delivered; and (3) military assistance funds may be obligated to the limited extent necessary to meet delivery and liquidating expenses.

In the opinion of the witnesses, the fixing of an arbitrary date and, particularly, one as close at hand as June 30, 1955, which would cut off all existing military assistance programs except for winding up operations, is unwise.

None of us wants to continue the mutual defense assistance program for a moment beyond the time required in the national security interests of this country.

But to say that all existing military assistance programs, excepting for winding-up operations, must cease next June 30, seems to be entirely out of keeping with the current world situation.

Certainly the threat of world communism is not decreasing today. In

fact, most of us will agree that the Soviet Union and Red China represent an increasing menace to world peace over the foreseeable future.

Mr. President, the recent action of the Senate in adopting unanimously the last paragraph of section 101 of the committee amendment, on pages 82 and 83, indicates the feelings of the Senate in this regard.

The realities of the world situation are such that we must accept that there will be a continuing need for at least a degree of military assistance for some time to come. The military aid program even though limited in scope is an integral part of our own defense planning; and any attempt to completely terminate it prematurely, or to create an impression that we are about to completely terminate it prematurely, is harmful to our own security.

Even now we are making the basic plans for mutual aid programs for fiscal year 1956—plans of a scope which those responsible for our national security consider essential.

The language in section 503 (b) (1) implies that such programs will not be permitted. It is not enough to say that the report filed by the Committee on Foreign Relations states that such is not the intent of the language. The fact remains that those who are responsible for meeting our responsibilities in the field, and in negotiating with our friends and our enemies, are seriously concerned as to the impact of this language.

Furthermore, countries that have entered into mutual defense arrangements with the United States look to us for leadership and guidance in matters affecting national security. Every action undertaken by the United States is watched with the closest attention, not only by our potential enemies, but particularly by our friends. Such a provision as is contained in the bill might well be construed by many of our friends as a step away from the concept of mutual defense.

Mr. President, I should also like to point out that the 2-year liquidation provision of the amendment would not be adequate in the light of the long lead-time required to produce and deliver such items as ships and aircraft. In many cases, if the Defense Department obligated funds for these items during the current fiscal year, we would not be able to deliver all of the items within the 2 following fiscal years.

Under this language, of course, deliveries of all items, including ships and aircraft, will be cut off on June 30, 1957, even if the items were in the last stages of production and almost ready for delivery.

I have been informed that the Mutual Security Act of 1951, as amended, contains language similar to that of this amendment, with a termination date of June 30, 1954. This date was inserted when the legislation was drafted in 1951; and, of course, at that time the termination date was several years in advance.

Last year the Congress continued the termination date of June 30, 1954, but

made the following explanation in the conference report:

The June 30, 1954, date was adhered to not because the committee of conference believed that all forms of assistance to other nations would finally terminate on that date, but because they felt that a basic overhauling of the legislation dealing with foreign aid is necessary before that date.

Congress also agreed to make liquidation period for military assistance 3 years, instead of 2.

Mr. President, I bring the foregoing considerations to the attention of the Senate at this time for the express purpose of bringing out the opposition to the language contained in section 503 (b) (1) of the bill as expressed by responsible officials called before the Armed Services Committee to testify.

It is not my intention to move that the bill be amended. I do feel, however, that the concern of the State Department and the Joint Chiefs of Staff in this matter should be made a matter of record, so that the conferees later to be appointed on this bill may be fully informed as to the apprehension which was so forcefully expressed to our committee, and will be prepared either to modify the language or to take whatever other action they believe wise in the conference.

Mr. SMITH of New Jersey. Mr. President, will the Senator from Massachusetts yield to me?

Mr. SALTONSTALL. I yield.

Mr. SMITH of New Jersey. Let me say that I appreciate the fine statement the Senator from Massachusetts has made in support of the work of the committee and the committee report on this matter. Do I correctly understand that it is the position of the Armed Services Committee that, as a committee, it is registering general opposition to the section which provides for the termination of this operation?

Mr. SALTONSTALL. The feeling of the committee was that this section should be very seriously considered from the point of view of eliminating it. But in view of the time and the desire of the majority leader and the Foreign Relations Committee to get the matter before the Senate, we decided not to eliminate the section in the committee, where, of course, there would have been considerable discussion, but to have the bill as reported by the Foreign Relations Committee, brought to the floor of the Senate, and to have the chairman of the committee make a statement along the lines of the statement I have just made.

Mr. SMITH of New Jersey. I thank the Senator from Massachusetts.

Mr. MANSFIELD. Mr. President, will the Senator from Massachusetts yield to me?

Mr. SALTONSTALL. I yield.

Mr. MANSFIELD. The Senator from Massachusetts has referred to the amendment I offered in the committee, which was adopted there, and about which some discussion occurred in the Armed Services Committee, of which the distinguished Senator from Massachusetts is chairman.

The reason I spoke today was to prevent any possibility that the amendment

would be deleted, because last year the Senate unanimously agreed to the proposition that the Mutual Security Administration should end on June 30, 1954—29 days ago. The Senate allowed a 3-year extension for liquidating military aid and a 2-year extension for liquidating economic aid.

Because of the lateness in considering the bill this year, I changed an original amendment I had to terminate absolutely on December 31, 1954, the FOA, as such; and I substituted, instead, another amendment, which would allow an added year of life to the FOA, namely, to June 30, 1955, but, keeping in line with the intent and the spirit of what the Senate unanimously did last year, cutting down the liquidation period of military assistance from 3 years to 2 years, and the liquidation period of economic assistance from 2 years to 1 year.

The Senator from Massachusetts speaks of responsible officials downtown, and I assume he refers to Secretary Dulles and Admiral Radford. I think we are responsible officials, too; and I think we had better wake up to the fact that if we do not put our foot down, this aid program will become a permanent fixture in the executive branch of the Government of the United States.

If the Senator from Massachusetts is opposed to this particular proposal, I would be willing to have it brought to a vote today, so all of us can go on record as to whether we favor aid on a permanent basis or whether we think aid should go through the Department of Defense and the State Department, on the recommendation and request of the President of the United States in pursuance of specific limited objectives in line with the foreign policy of the United States.

The reason I made this speech was to make it as crystal clear as I knew how that this amendment meant abolishing the FOA as of June 30, 1955, and I hope that if it comes to a vote the Senate will do just what it did last year, and unanimously adopt the amendment. I certainly hope that if the amendment stands in the bill, as I think it will, when the bill goes to conference the amendment will be retained, so that the FOA, this independent temporary agency, which seeks to make itself permanent, will be on notice that as of June 30, 1955, it is through and finished, and that any other aid which is contemplated must be carried on at the specific request of the President, through the proper department, and must be in line with limited and specific objectives in accord with the foreign policy of the United States.

I wanted to make my position clear. I desire to see this agency abolished. I do not believe in permanent-temporary agencies.

Mr. KNOWLAND. Mr. President, I should like to suggest, if I may, to the distinguished chairman of the committee, that we can open up the debate on the foreign-aid bill as soon as the conference report on the tax bill has been taken care of. This is obviously a question in which there is a wide difference of opinion; the distinguished Senator from Massachusetts [Mr. SALTONSTALL] has expressed his opinion, as chairman

of the committee, and the distinguished Senator from Montana [Mr. MANSFIELD] has presented the point of view that he submitted to the Foreign Relations Committee. I respectfully suggest, inasmuch as a number of Senators who urged that they be given advance notice of the taking up of the conference report on the tax bill are now present, that we may be permitted to proceed with that report.

Mr. SALTONSTALL. I appreciate the courtesy of the majority leader in letting me make the brief statement I have made. I realize my point of view is a little different from the point of view of the Senator from Montana [Mr. MANSFIELD], not as different as he would indicate. I agree with the Senator from California, and I shall not discuss the matter now but I will be willing and glad to discuss it later.

THE CONGRESSIONAL HABIT OF APPROPRIATING TAXPAYERS MONEY FOR EUROPEAN COUNTRIES

Mr. MALONE. Mr. President, will the Senator yield to permit me to ask a question of the distinguished Senator from Massachusetts?

Mr. KNOWLAND. Yes, I yield for a question.

Mr. MALONE. I should like to emphasize, in asking the question I am in agreement with the distinguished junior Senator from Montana [Mr. MANSFIELD], and that it is time that we eliminate, after 6 or 7 years, the temporary agencies setup to expend billions of our taxpayers money without rhyme or reason. That has become a habit.

I want to ask the distinguished Senator from Massachusetts [Mr. SALTONSTALL] if he thinks we should continue these habits, remain in these ruts, following the executive branch of the Government without question, of appropriating large sums of money each year, starting with 1948, the \$17 billion in 1948 and continuing to the present time, and now projecting such appropriations in the indefinite future.

I should like to ask the distinguished Senator from Massachusetts if he is in favor of continuing such appropriations and gifts to foreign countries without a quid pro quo.

Mr. SALTONSTALL. I realize that the Senator has made a statement rather than asked a question.

Mr. MALONE. I asked a question of the distinguished Senator from Massachusetts, does he agree that Congress should continue such appropriations or gifts to foreign nations without any return and with no repayment. Congress has been doing just that since World War II. This Senate of the United States is a deliberative body; it is supposed to deliberate and consider the welfare of our own taxpayers before continuing the division of their wealth.

Mr. SALTONSTALL. I will say to the Senator from Nevada I do not think we should continue temporary agencies indefinitely. I had intended to make that statement to the Senator from Montana. I shall be glad to make it to the Senator from Nevada.

I think certain language in the bill could be changed in a way to help our security and promote the peace of the

world, if you will, and to better express the purpose than does the amendment now in the bill.

Mr. STENNIS. Mr. President, will the Senator from California yield to me for a brief question?

Mr. KNOWLAND. Yes, I yield.

Mr. STENNIS. As I understand, the Senator from Massachusetts is going to debate this matter further before it is disposed of; but the majority leader wants to intervene with the conference report on the tax bill. Is that correct?

Mr. KNOWLAND. Yes. I would say to the Senator from Mississippi that we will resume the debate on the foreign-aid bill when the conference report on the tax bill has been disposed of.

Mr. STENNIS. I shall be glad to defer.

REVISION OF INTERNAL REVENUE LAWS—CONFERENCE REPORT

Mr. KNOWLAND. Mr. President, we have a privileged matter to take up, namely, the conference report on the tax bill.

Mr. MILLIKIN. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 8300) to revise the internal revenue laws of the United States. I ask unanimous consent for the immediate consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The Chief Clerk read the report.

(For conference report see House proceedings of the CONGRESSIONAL RECORD of July 26, 1954, pp. 11448-11473.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. KNOWLAND. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MILLIKIN. Mr. President, I wish to bring up the conference report on H. R. 8300.

First, I should like to discuss the revenue effects of the conference agreement. When the bill left the Senate, there was a loss for the fiscal year 1955 of \$116 million over existing law. As the bill was agreed to in conference, the revenue loss for the fiscal year 1955 amounts to \$163 million, an increase of \$47 million over the Senate bill. The conference agreement loss in revenue is \$34 million less than the House bill.

There were 543 Senate amendments, of which 173 were substantive amendments. The balance were clerical, technical, and conforming amendments. Of the substantive amendments, the House conferees agreed to 157 without change. These include amendment No. 67, relating to soil-and-water conserva-

tion, offered by the Senator from Illinois [Mr. DIRKSEN]; amendment No. 102a, offered by the Senator from Texas [Mr. JOHNSON] relating to publication and distribution of statements on behalf of candidates for public office; amendment No. 105a, offered by the Senator from Kansas [Mr. CARLSON], relating to organizations engaged in agricultural research; amendment No. 147—adding olive, offered by the Senator from Washington [Mr. MAGNUSON]—adding titanium, offered by the Senator from Nevada [Mr. MALONE], and the amendment offered by the Senator from Texas [Mr. JOHNSON], on behalf of the Senator from Texas [Mr. DANIEL], relating to limestone; amendment No. 232a, offered by the Senator from Michigan [Mr. FERGUSON], relating to distributions pursuant to orders of the Securities and Exchange Commission; amendment No. 252a, offered by the Senator from Utah [Mr. BENNETT] relating to treatment of compensation received by a member of a partnership for services rendered while an employee of the partnership, and amendment No. 332, offered by the Senator from Minnesota [Mr. HUMPHREY], relating to the excise tax on admissions to baseball games participated in by amateurs and semiprofessionals. The amendment offered by the Senator from Texas [Mr. JOHNSON], moving the date in the case of transactions involving reorganizations, was agreed to in conference with an amendment extending the general effective date of subchapter C from June 18, 1954, to June 22, 1954.

Of the 553 Senate amendments, the Senate receded on 9 amendments. These are as follows:

Amendment No. 51b, offered by the Senator from Vermont [Mr. FLANDERS], was rejected by the House conferees. There was considerable discussion of this amendment and also amendment No. 80, striking out a House provision which denied a deduction to private manufacturing businesses for rental payments made to State or local governmental units for the use of property acquired or improved by the governmental units by the issuance of industrial development bonds. The conferees recognized the problems involved but believed the matter should have further study before actual legislation was adopted.

Amendment No. 67a, providing for the cost of writing off farm storage facilities in 1 year was disagreed to by the House conferees. The present law permits such expenditures to be written off over a period of 5 years. A complaint was received from some farm groups which indicated that the farmer would not have sufficient income to receive any real benefit from writing off all of these expenditures in 1 year. In view of this fact and the estimated loss in revenue involved in this provision, the House conferees insisted on their disagreement to this amendment, and the Senate conferees were forced to recede.

Amendment No. 110a deals with the denial of deductions for charitable contributions or tax-exempt status to religious, charitable or educational institutions described in section 501 (c) (3) of the code if they make donations to a subversive organization or to a sub-

versive individual. The conferees received a great deal of criticism about this amendment from many bona fide organizations and institutions. While the conferees were in accord with the objective of the amendment, it was believed that the language was so broad that it might apply to many organizations which were without the scope of the intent of the provision. The conferees decided to recede on this amendment but to instruct the staff to make a study of this problem.

The junior Senator from Colorado is the chairman this year of the Joint Committee on Internal Revenue Taxation, and the necessary instructions have already been given.

It is recognized that some organizations have made contributions in the past which may have directly or indirectly aided subversive elements. The conferees were in entire agreement that steps should be taken to prevent such practices from occurring in the future. The staff was instructed to make a full study of the problem and submit a report.

Amendment No. 129a, offered by the Senator from Louisiana [Mr. LONG]: This amendment was designed to close a loophole in the present law whereby a company could avoid the personal holding company tax. The House conferees were sympathetic to the objective of the Senate amendment but were fearful that it might apply to legitimate companies not intended to be subject to the personal holding company tax. Accordingly the House conferees rejected this amendment with the understanding that the problem will be given further study by the staff to see if a satisfactory method of dealing with this situation can be developed.

Amendment No. 178: This amendment deleted from section 803 of the House bill, in connection with the taxation of life insurance companies, the reference to "accrued" items with respect to income received and deductions taken. This action was taken as a result of a suggestion made by the life insurance company representatives. However, it was later pointed out that the life insurance companies would prefer the House bill language, so that the omitted words were restored.

Amendment No. 485a, offered by the Senator from Delaware [Mr. WILLIAMS], changing the period of limitation from 3 to 5 years, in the case of certain criminal offenses, was disagreed to in favor of the House provision which had a 6-year period of limitation.

Amendment No. 486: This was a committee amendment which restored existing law with respect to the period of limitation on criminal prosecution with respect to four offenses. The conference accepted the House provision which provided a 6-year period of limitation for such offenses instead of the 3-year period provided in existing law.

Amendment No. 494: This amendment eliminated the 5-percent penalty for intentional disregard of regulations if the taxpayer has reasonable grounds for believing the rules or regulations to be invalid and attaches a statement to that

effect to his return. The Senate conferees receded on this amendment.

Amendment No. 551: This amendment provided that the Attorney General and the FBI should have authority to make investigations in certain cases. The House members insisted that this matter was being handled by another committee of the House, namely the Judiciary Committee, and therefore objected to its inclusion in the bill. The Senate receded.

The House conferees accepted many other Senate amendments with amendments. I will briefly describe some of these important amendments.

Senate amendments Nos. 2 and 3 relate to income splitting in the case of the head of a family. The Senate will recall that there was considerable discussion of this provision in the Senate, and the Senator from Vermont [Mr. Aiken] offered an amendment to restore the House provision, which was later withdrawn in the hope that a satisfactory solution could be worked out in conference. I believe that the conferees have worked out a satisfactory solution to this problem. Under the conference agreement, full income splitting is provided a taxpayer for the first 2 years after the death of his spouse if there is a dependent son or daughter, including stepson or stepdaughter, qualifying him for such surviving-spouse treatment. This meets one of the main objections to the present law, that is, that where one of spouses died, the surviving spouse is immediately forced to bear a heavy increase in tax. The provision in present law requiring the dependent qualifying the taxpayer for head of household status to live in the household of the taxpayer is removed with respect to a father or mother of the taxpayer if the parent is a dependent and if the taxpayer maintains a household for the father or mother, but not necessarily the household in which the taxpayer lives. This modification, I believe, will cover the case illustrated by the Senator from Vermont. Apart from the above change, the provisions of existing law are continued permitting a taxpayer with a dependent to qualify for head of household status.

Amendments Nos. 10 and 34: These amendments relate to the dividend received credit for individuals. You will recall that the House bill provided for a dividend credit of 5 percent in the case of dividends received by domestic corporations after July 31, 1954, and prior to August 1, 1955, and a 10-percent credit for dividends received thereafter. The Senate amendment, offered by Senator JOHNSON of Colorado, completely eliminated the dividend credit. Also, the House bill permitted \$50 of dividends to be excluded from income for 1954 and \$100 to be excluded for 1955 and subsequent years. Senate amendment No. 34 eliminated the \$100 exclusion, so the \$50 exclusion applied not only to 1954 but also to subsequent years. We were able to work out a compromise on these two provisions. The House conferees receded on Senate Amendment No. 34.

On Senate amendment No. 10, the House conferees receded with an amend-

ment continuing the dividend credit to individuals but reducing the amount of the credit to 4 percent for all years instead of the 5-percent and 10-percent credit under the House bill. I believe this compromise is closer to the Senate version than to the House version. The loss in revenue will be considerably reduced. Under the House bill, the revenue loss would have amounted to \$195 million for the fiscal year ending June 30, 1955.

Under the conference agreement the loss will amount to \$158 million as contrasted with \$195 million.

Mr. HOLLAND. Will the Senator yield?

Mr. MILLIKIN. Yes.

Mr. HOLLAND. Does the figure named by the distinguished Senator include the \$46 million loss which was included in the Senate bill as section 116, providing for the deduction from dividend income of \$50?

Mr. MILLIKIN. It does not include that.

Mr. HOLLAND. Then the total loss from dividends would be \$158 million plus \$46 million, would it not?

Mr. MILLIKIN. Making the total \$204 million.

Mr. HOLLAND. I thank the distinguished Senator.

Mr. MILLIKIN. Under the conference agreement the loss will amount to \$158 million. The full effect of the loss will be realized in 1956 and will amount to \$316 million as compared to a loss of \$545 million under the House bill for the fiscal year 1956.

Amendment No. 32: The House accepted the Senate amendments dealing with accident and health benefits with certain modifications. The amendment offered by Senator MORSE eliminating the 7 day waiting period was accepted with a modification. Under the conference agreement, payments for loss of wages attributable to the first 7 days will not be included in income if the payments are made on account of injuries, or if the individual is hospitalized for at least 1 day. The amendment offered by Senator LONG which provided that amounts received as reimbursement for medical care are to be excluded if the amounts were expended during the prior taxable year, as well as during the current taxable year, was modified to prevent the individual from taking both a medical expense deduction and the exclusion.

The Senate conferees were forced to recede on amendment No. 43. This amendment struck the House provision permitting an interest deduction for carrying charges on installment purchases where the carrying charges were separately stated but the interest could not be ascertained. The deduction in the House bill was limited to 6 percent of the average unpaid balance due on the installment contract during the taxable year. However, a clarifying amendment was adopted by the conferees to make it clear that the amount of the deduction would be treated as interest only for the purposes of this section, so as not to interfere with the interest laws of the various States.

Amendment No. 50: The House conferees accepted the provisions of the

Senate amendment relating to depreciation, with one exception. Under the Senate amendment the new declining balance method of depreciation was available to property completed after December 31, 1950. The House bill permitted the new declining balance method to be applied only to that portion of the property completed after December 31, 1953. Since the Senate amendment on this point resulted in a loss in revenue of \$36 million, it was deemed advisable to yield to the House on this point.

Amendment No. 55, permitting an unlimited carryover of charitable deductions, was amended in conference to permit the carryover only for a period of 2 years.

Amendment No. 133a: This amendment offered by Senator SPARKMAN, exempted corporations organized under the banking or credit laws of a foreign country from the foreign personal holding company tax. It was accepted by the conferees with a modification permitting the exemption only if the Secretary or his delegate found that the corporation was not organized or availed of for the purpose of evading or avoiding the United States tax on its shareholders.

Amendment No. 227: The House conferees accepted amendment No. 227, which was offered by Senator MUNDT, extending the benefits of the involuntary conversion provisions of present law to livestock destroyed by disease, or sold or exchanged because of disease, to cover also cases where the livestock is destroyed "on account of disease" as well as by disease.

Amendment No. 246: The House conferees accepted this Senate amendment relative to the tax treatment of patents, but extended it to apply not only with respect to the sale of property consisting of all substantial rights evidenced by a patent or an undivided interest therein, but also in the case of a sale of rights under patent applications even though no patent has as yet been obtained.

Amendment No. 248a: This amendment was offered by the Senator from Kentucky [Mr. COOPER] and permitted capital gains treatment where real property with certain improvements was subdivided and sold. The conferees agreed to this amendment, with a modification that the property must have been held for a period of 10 years or more.

Amendment No. 259: This amendment permitted certain proprietorships and partnerships an election to be taxed as corporations and also permitted corporations the privilege of being taxed as partnerships under certain limitations and conditions. The conferees agreed to that portion of the amendment permitting certain proprietorships or partnerships to be taxed as corporations. However, the House conferees refused to agree to that part of the amendment which permitted corporations to be taxed as partnerships, and the Senate conferees were forced to recede on that part of the amendment.

Amendment No. 263: The House conferees agreed to the Senate amendment exempting regulated public utilities from the additional 2-percent tax for the privi-

Senate completes its labors this evening, it stand in recess until 9 o'clock tomorrow morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MAYBANK. Mr. President, let me ask the Senator from California whether he expects today's session to continue for in excess of 1 more hour.

Mr. KNOWLAND. I do not believe it will.

LONG-TERM TIME CHARTER OF TANKERS BY THE NAVY

Mr. SALTONSTALL. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3458) to authorize the long-term time charter of tankers by the Secretary of the Navy, and for other purposes. I ask unanimous consent for its present consideration.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The report was read, as follows:

The committee of conference on the disagreeing votes of the two Houses, on the amendment of the House to the bill (S. 3458) to authorize the long-term time charter of tankers by the Secretary of the Navy, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House to the text of the bill and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the House amendment insert the following: "That (a) the Secretary of the Navy or such officer as he shall designate is authorized to enter into contracts upon such terms as the Secretary of the Navy shall determine to be in the best interests of the Government for the time charter to the Navy of not to exceed fifteen tankers not now in being for periods of not more than ten years to commence upon tender of the tankers for service after completion of construction. The Secretary of the Navy shall (1) award such contracts on a competitive basis to the lowest responsible bidder, and (2) give preference to operators who are exclusively engaged in the operation of American flag ships.

"(b) The here stipulated with respect to any tanker in any charter party entered into under this section shall not exceed an average rate for the life of the charter party of \$5 per deadweight ton per month. *Provided*, That such average rate will not result in the recovery of more than two-thirds of the construction cost of such tanker.

"(c) No contract shall be entered into by the Secretary of the Navy pursuant to the provisions of this section unless the contractor agrees (1) that during the period of such contract he will not transfer to foreign registry any tanker owned by him at the time of entering into such contract, and (2) that the tanker or tankers contracted for shall remain under United States registry during the period in which such tanker or tankers are under charter to the United States.

"(d) Any contract entered into pursuant to this section shall grant to the Secretary of the Navy an option to purchase any tanker chartered pursuant to this section at the expiration of such contract at its then depreciated value or fair market value, whichever is less, and shall contain a provision that such option shall not be exercised later

than one year prior to the expiration of such contract.

"SEC. 2. The President is authorized to undertake the construction of not to exceed five tankers, and there is hereby authorized to be appropriated not to exceed \$37,500,000 for such purpose.

"SEC. 3. All tankers constructed pursuant to sections 1 and 2 of this Act shall be approximately twenty-five thousand deadweight tons each, shall have a speed of not less than eighteen knots, and shall be constructed in private shipyards within the continental United States. The construction of the tankers shall be, so far as practicable, of materials and equipment produced or manufactured in the United States. Not more than three tankers authorized by this Act shall be constructed in any one shipyard."

And the House agree to the same.

That the Senate recede from its disagreement to the amendment of the House to the title of the bill and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the amendment of the House to the title of the bill, insert the following: "An Act to authorize the long term time chartering of tankers and the construction of tankers by the Secretary of the Navy, and for other purposes."

And the House agree to the same.

LEVERETT SALTONSTALL,
STYLES BRIDGES,

By L. S.

RICHARD B. RUSSELL

Managers on the Part of the Senate.

L. C. ARENDS,
PAUL SHAFER,
STERLING COLE,
PAUL CUNNINGHAM,
CARL VINSON,
PAUL J. KILDAY,
L. MENDEL RIVERS,

Managers on the Part of the House.

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

Mr. MAGNUSON. Mr. President, reserving the right to object, I wish to ask the Senator from Massachusetts a question, so that the RECORD will be clear. As I understand the conference report, 15 of these tankers will be built now under the general terms and financing suggested by the Senate version of the bill, and 5 will be built to Navy account.

Mr. SALTONSTALL. That is correct.

Mr. MAGNUSON. By "Navy account" we mean that the Navy could call for bids or could build them in Navy yards.

Mr. SALTONSTALL. The Navy can build them in the way it ordinarily builds ships, under the Vinson-Trammell Act.

Mr. MAGNUSON. Mr. President, I do not wish to delay action on the conference report; but I wish to repeat that although 5 of them will be built in the normal, traditional way, 15 will be built under a financial arrangement that will cost the taxpayers of the United States approximately 27 percent to 28 percent more than if the ships were built by regular appropriation on Navy account.

Mr. SALTONSTALL. Oh, Mr. President, I disagree entirely with the Senator from Washington on that statement.

Mr. MAGNUSON. I know, and we argued that before. But I wish to make the statement.

Mr. SALTONSTALL. Mr. President, I ask unanimous consent that following

this colloquy, there be printed at this point in the body of the RECORD a brief statement which I now send to the desk.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

EXPLANATION OF CONFERENCE AGREEMENT ON S. 3458

As Senators may recall, S. 3458—the so-called tanker bill—as passed by the Senate authorized the Secretary of the Navy to enter into contracts with private operators for the long-term charter of not to exceed 20 tankers. These tankers were to be built and operated by private industry.

The House of Representatives in acting on the bill modified it completely by providing that these tankers should be built and owned by the Government and authorized the appropriation of \$150 million for this purpose.

After a lengthy series of meetings the conferees reached an agreement whereby 15 of the tankers would be built according to the Senate plan and 5 of the tankers according to the House plan.

There are other minor adjustments to the bill, none of which the conferees regard as being particularly significant insofar as their substance is concerned. Their intent primarily was to insure that the interests of the Government were fully protected.

The bill provides that the contracts covering the charter of the vessels provided for in section 1 of the bill shall be awarded to the lowest responsible bidder. It is thus anticipated that these charters will in each instance be negotiated on a fully competitive basis and awarded to the responsible firm making the lowest offer. With respect to the \$5 ceiling on the rate of charter hire, the bill contains no specific wording as to escalation and adjustments which do not affect the owner's profit. This limitation on the charter hire as provided in the bill is intended to limit profits to the owners, and does not preclude the inclusion of the normal escalation clause as usually incorporated in long-term charters to cover changes in the cost of basic items of expense during the period of charter—items which do not affect the owner's profit.

The PRESIDING OFFICER. Is there objection to the present consideration of the conference report?

There being no objection, the report was considered and agreed to.

JOINT COMMITTEE ON CIVIL DEFENSE—LETTER FROM JOHN H. MOORE

Mr. HUMPHREY. Mr. President, I ask unanimous consent to have printed in the body of the RECORD a letter from John H. Moore, executive secretary of the United Community Defense Services. His letter is in support of my concurrent resolution (S. Con. Res. 94) to create a Joint Committee on Civil Defense.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

UNITED COMMUNITY DEFENSE SERVICES,
New York, N. Y., July 21, 1954.
HON. HUBERT HUMPHREY,
United States Senate,
Senate Office Building,
Washington, D. C.

MY DEAR SENATOR HUMPHREY: I have just had the opportunity of reading in the CONGRESSIONAL RECORD of July 14, 1954, your proposal of a Joint Congressional Committee on Civil Defense and your address in sup-

port of it. May I congratulate you on the masterful presentation of the facts.

This organization and the 15 great national voluntary organizations associated with it are deeply concerned with civil defense measures, particularly those having to do with the welfare of people.

We would greatly appreciate receiving up to 100 copies of the address, if it has been reprinted and you can spare them, for mailing to our board members throughout the United States. They are representative of the leadership of a substantial number of our industrial States and come from the ranks of business, industrial, professional, and labor leadership.

Sincerely yours,

JOHN H. MOORE,
Executive Director.

EXTENSION OF EMERGENCY FOREIGN MERCHANT VESSEL ACQUISITION

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 2371) to extend emergency foreign merchant vessel acquisition and operating authority of Public Law 401, 77th Congress, an for other purposes, which was, on page 2, line 3, strike out "Secretary" and insert "President."

Mr. BRICKER. Mr. President, I move that the Senate concur in the amendment of the House. I call this amendment particularly to the attention of the Senator from Washington.

The bill as passed by the Senate included an amendment which he had proposed; but the House has adopted an amendment striking it out. However, I understand that the Senator from Washington is agreeable to having the Senate concur in the amendment of the House, so that the bill can proceed to enactment.

Mr. MAGNUSON. Yes. Although I should have liked to have seen that item remain in the bill, I think the overall importance of getting this supplemental and implementing legislation enacted is much more important. As a matter of fact, if and when Alaska becomes a State, the enabling act will have to meet that problem, anyway.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Ohio that the Senate concur in the amendment of the House. The motion was agreed to.

INTERNATIONAL CONVENTION FOR HIGH SEAS FISHERIES OF NORTH PACIFIC OCEAN

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 3713) to give effect to the International Convention for the High Seas Fisheries of the North Pacific Ocean, signed at Tokyo, May 9, 1952, and for other purposes, which was on page 9, lines 15 and 16, strike out "as long as Alaska shall remain a Territory".

Mr. BRICKER. Mr. President, I move that the Senate concur in the amendment of the House of Representatives. The motion was agreed to.

MUTUAL SECURITY ACT OF 1954

The Senate resumed the consideration of the bill (H. R. 9678) to promote the security and foreign policy of the United States by furnishing assistance to friendly nations, and for other purposes.

Mr. FERGUSON. Mr. President, I offer, and send to the desk, amendments for which I request immediate consideration. I believe it proper to have these amendments considered en bloc; therefore, I ask unanimous consent that the amendments be so considered. I believe the distinguished Senator in charge of the bill will accept them.

The PRESIDING OFFICER. The Chair is advised that there is a pending amendment, which must first be disposed of.

Mr. FERGUSON. I was not aware of that, Mr. President.

The PRESIDING OFFICER. It is the amendment of the Senator from Wisconsin [Mr. WILEY].

Mr. FERGUSON. I ask unanimous consent that that amendment be withdrawn, so that it will be in order for me to submit these amendments.

Mr. WILEY. I agree, Mr. President; and I withdraw my amendment.

The PRESIDING OFFICER. The amendment of the Senator from Wisconsin is withdrawn.

The amendments of the Senator from Michigan will be stated.

The CHIEF CLERK. On page 88, in line 9, in the committee amendment, after the word "assistance", it is proposed to insert a comma and "as far as possible directly."

On page 88, in line 10, in the committee amendment, after the word "area", to insert "including the Associated States of Cambodia, Laos, and Vietnam."

On page 93, in line 20, in the committee amendment, after the word "including", to insert "the furnishing as far as possible of direct assistance to."

On page 93, in line 21, in the committee amendment, after "Vietnam", to strike out "and the forces of", and insert "as well as to the forces of other."

Mr. FERGUSON. Mr. President, these amendments merely provide that the assistance which is to go to the people of Laos, Cambodia, and Vietnam will insofar as possible, go to those States, and not through any other nation. I am sure the Senator from Colorado will accept the amendments.

Mr. SMITH of New Jersey. I assume the chairman will.

Mr. WILEY. Mr. President, we will be very happy to take the amendments to conference.

The PRESIDING OFFICER. The question is on agreeing en bloc to the amendments of the Senator from Michigan [Mr. FERGUSON].

The amendments were agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. MAGNUSON. Mr. President, I have an amendment to the bill which I am sure can be disposed of in 5 minutes. It is on the desk, and I should like to call it up. It is designated as 7-28-54-F.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 98, line 2, after the word "section", it is proposed to change the period to a colon and insert the following:

Provided, That if after investigation it is determined by the President that there are privately owned C1-MAV-1 vessels offered and available for sale by American citizens as defined in section 2 of the Shipping Act, 1916, as amended, at prices equal to or less than those provided for in subsection (b) (2) below, such vessels shall be acquired by an owning or operating agency designated by the President for the purpose of this subsection prior to transfer hereunder of any other vessels.

Mr. MAGNUSON. Mr. President, the only purpose of this amendment is to place that part of the bill which refers to the sale of ships to South Korea—and I know they need MAV-1's which are peculiarly adapted to interinland trade and to enter small bays and small harbors, a provision which suggests that if there are some private ships available at the same price they should be bought from those who have them rather than to take ships out of the mothball fleet.

That would be advantageous both to the United States Government and to the South Korean Government because the ships which would be purchased from private individuals, if they were available, would be in class. If Government ships were sold by the United States at Ships' Sale price, they would have to be put in class at some expense to the United States. This amendment is in the same language as the ones placed in all similar bills, such as the recently passed Brazilian bill, which allowed Brazil to buy some of our ships. I can see no objection to the amendment.

Mr. WILEY. Mr. President, the amendment, as stated, provides that vessels to be transferred to Korea shall be purchased by the Government from private owners, if available, at the price fixed by the bill.

Of course, the Foreign Operations Administration advises informally that, insofar as it is concerned, it has no objection to the amendment.

However, it points out that the effect of the amendment would be to prevent the Government from disposing of surplus vessels of this type which it owns, and, instead, the amendment would provide an avenue for private owners to dispose of their vessels to the Government.

I have not had an opportunity to consult with the committee. I do not feel that I personally have the right to dispose of the amendment by accepting it.

On the other hand, if it is a matter of saying to the people who have the vessels, "You will have a chance to sell," then the Government will not have a chance to sell. Is there not some way by which they could both be treated on the same footing, so that the Government itself might get a little money out of its surplus ships?

Mr. MAGNUSON. Of the ships private owners have, some of them are under charter, some are under charter

lease. This is the same amendment which has been added to other bills. It merely provides that if Korea is going to buy the ships with our funds under the appropriation to be given her, instead of taking the ships out of our mothball fleet and putting them in class, if someone has a MAV-1 type ship—of which there are not too many, I may say to the distinguished Senator from Wisconsin—adaptable to this kind of trade, private owners ought to have a right to sell them at the same price at which the Government would sell them.

Mr. WILEY. They should have a right to sell them, but they should not be given preferential treatment. In other words, if we give the money to Korea, and there is a vessel involved, we could just as well furnish the vessel.

Mr. MAGNUSON. But the point I am making to the Senator from Wisconsin is if we take them out of our mothball fleet, we have to put them in class, and putting a ship in class involves, in the case of a MAV-1—I have not the exact figures, but I could get them—perhaps close to \$50,000 a ship, whereas those that might be available through a private owner who also bought them under the Ships' Sales Act at the same price would have them in class and might not have any use for them.

It is the same amendment to which the Senator from Wisconsin in the Foreign Relations Committee agreed on the Brazilian ships; the same amendment to which we agreed on the Philippine ships.

Mr. WILEY. This is really my first acquaintance with it.

Mr. MAGNUSON. I do not want to delay the bill. Suppose I do not bring the amendment up now, but that we have further discussion of the matter; will that be all right?

Mr. WILEY. I do not think there is any need for the amendment. Senators have heard the facts about it, and I am not going to spend a lot of time on it.

The Senator has made the argument that if we were to sell some of the mothball ships, the Government would be put to expense to recondition them. As I say, the Foreign Operations Administration has not said anything more than what I have told the distinguished Senator. In other words, they are not entirely in opposition to the proposal, but they do not seem to be entirely in favor of it. It seems to me that we not only represent the private shipowners, but we represent the Government and if it can be of advantage to the Government to dispose of its surplus stock of ships, that ought to be done; we should represent the Government.

Mr. MAGNUSON. I will say to the Senator from Wisconsin that we are not trying to dispose of our surplus stock of ships. Although we have hundreds of ships in mothballs we closed up the Ships' Sales Act. This is an exception to the rule. Otherwise, the amendment would not be necessary. We do not want to dispose of our mothball fleet. This is not any bargain for the Government. It is only going to get about 30 percent of what the ships cost.

We closed up the Ships' Sales Act about 16 months ago, and it is worth a

Senator's life to try to get a ship out of mothballs. We had to pass a bill so that Brazil could buy, we had to pass a bill so that the Philippines could buy; and we are now proposing that South Korea may buy ships.

Mr. WILEY. I know that ordinarily the distinguished Senator is said to be on the side of the Government instead of private interests, and I am accused of being on the other side.

Mr. MAGNUSON. Oh, no.

Mr. WILEY. It occurs to me that if the facts are as represented, I would like to check what the expense would be to the Government; and ascertain whether the Government is going to let any of the mothball ships rot. I have seen them in the rivers out the Senator's way, stacked like sticks of cordwood. If they are being preserved there, it would seem to me if there is value in the ships, and the Government can get value, that we should think in terms of the Government's recouping some of its vast investment.

Now the Senator from Oregon [Mr. MORSE] and others are experts; I am not.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. WILEY. I yield to the Senator from Oregon.

Mr. MORSE. The amendment would go to conference, would it not if it were adopted?

Mr. WILEY. Yes.

Mr. MORSE. If we adopt this amendment tonight, it does not give it finality, and if the Senator finds when he gets into conference, that the representations made by the Senator from Washington are not borne out by all the facts, it could be ironed out in conference.

Mr. WILEY. I should like to have the Senator's judgment on the basic question, because we cannot be fighting over ships.

Mr. MORSE. I will tell the Senator what my basic judgment is. It would be a great mistake to take our ships out of mothballs and sell them. I think we ought to leave our mothball fleet the way it is; let it remain in mothballs, and close the Ships Sales Act, because we ought to keep the ships for future emergencies.

Mr. WILEY. I will be glad to take the amendment to conference.

Mr. MAGNUSON. I appreciate the Senator's action.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Washington [Mr. MAGNUSON].

The amendment was agreed to.

Mr. MAGNUSON. I ask unanimous consent to have placed in the RECORD, without my burdening the Senate by reading it, an explanation of the purposes of the amendment.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR MAGNUSON

H. R. 9678 authorizes the President to transfer to the Republic of Korea, by sale or charter, not more than 8 C1-MAV-1 vessels, at prices determined under section 3 of the Merchant Ship Sales Act of 1946. Any agency of the United States Government owning or

operating such vessels is authorized under the bill to make such vessels available for the purpose of the transfer. Funds are made available by the bill for the aforesaid purpose.

It is proposed that H. R. 9678 be amended to incorporate therein a provision corresponding to that embodied in Public Law 496, approved July 15, 1954, relating to the sale of C1-MAV-1 vessels to Brazil. That act authorizes the Secretary of Commerce to transfer by sale to the Government of Brazil 12 C1-MAV-1 vessels, likewise at prices determined under section 3 of the Merchant Ship Sales Act, 1946. The act requires, however, that before Government-owned vessels are transferred under its authority there shall be a determination that there are no presently owned vessels of the same type available for sale by American citizens at prices equal to or less than those provided for Government-owned vessels. The legislative history of H. R. 9678 shows that the purpose of such requirement is that priority shall be given to transfer of vessels owned by private shipowners.

The considerations that underlie the inclusion of the above requirement in Public Law 496 apply with equal force with respect to inclusion of a like requirement in H. R. 9678. Public Law 496 recognized that American citizens who have staked their capital in the C1-MAV-1 vessels should have first call upon the privilege of selling them to the Government of Brazil and should not be excluded from a possible market by competition in the form of United States Government-owned vessels. Like considerations of fair and equitable treatment of American citizen shipowners require that, in respect of sales of such vessels to the Republic of Korea, the shipowners should not be excluded from a possible market by competition in the form of Government-owned vessels. Since the funds for the purchase of the vessels by the Republic of Korea are being made available by the United States Government, the granting of the priority to the privately owned vessels can administratively best be effectuated by providing that, if there are presently owned vessels of the same type available for sale by American citizens at prices equal to or less than those provided for Government-owned vessels, the privately owned vessels shall be acquired by the United States Government for the purpose of sale to the Republic of Korea before any Government-owned vessels are so sold.

The policy that priority be given to the transfer of vessels owned by private shipowners is as applicable in the case of this transfer to Korea as in the case of the transfer to Brazil. In both instances the same type of ship is being transferred and at the same valuation. The fact that in the one instance the transfer is to be effected through means of long-term credit arrangements with Brazil while in the other through use of funds that are part of a legislative grant should not in any manner be used to vitiate the policy of our Government to permit transfers of privately owned ships prior to transfer by the Government of ships in the reserve fleet.

Mr. KENNEDY. Mr. President, may I ask the Senator from Wisconsin 3 or 4 questions about the bill?

Mr. WILEY. I shall be glad to have the Senator ask them. I do not know whether I shall be able to answer them.

Mr. KENNEDY. I am sure the Senator will be able to answer them. I began to ask them of the Senator from New Jersey [Mr. SMITH]. It is my understanding that the materiel now in the north Vietnamese territory is materiel which we have contributed to the French Union forces. Is it my understanding

that when the French Union forces withdraw, the title to that materiel will be in the United States Government?

Mr. WILEY. My rather indistinct recollection is that that question was asked. There is no question about the materiel that is in the ships which have not arrived in Indochina. Those ships have been ordered back.

Mr. KENNEDY. I am talking about the materiel which has been contributed to the French Union forces, and which is now in the northern area of Vietnam.

Mr. WILEY. My understanding about that materiel is that we are going to recoup a considerable part of it. Of course, we know that conditions around Haiphong are not very good. We will probably get out all the materiel we can. However, I cannot state that we will get back all of it that is there.

Mr. KENNEDY. Of the materiel—

Mr. WILEY. We are attempting to get it out.

Mr. KENNEDY. Of the materiel that we get back, will title to that materiel be in the French Union forces or in the United States Government?

Mr. WILEY. That title will be in us.

Mr. SMITH of New Jersey. Earlier I put into the RECORD, after reading a portion of it, a statement that Mr. Stassen made on this subject in reply to inquiries from us. That statement was that under the terms of the peace treaty the materiel is to be evacuated through Haiphong, within a period of some 30 days.

Mr. KENNEDY. The intention is that with respect to all the materiel that is evacuated possession will be taken by us, not by the French Union forces. Is that correct?

Mr. SMITH of New Jersey. That is correct.

Mr. KENNEDY. Is that the understanding of the Senator from Wisconsin?

Mr. WILEY. Yes. It will be 30 days or so until we can take it all out.

Mr. KENNEDY. With respect to the materiel that is south of the truce line, in Cochinchina, which is materiel of great value and which has been sent to the French since 1950, as I remember, in the area around Saigon, particularly, where we have given several billion dollars worth of assistance to the French, what is to happen to that materiel? There is talk about the French Union forces withdrawing from that area. If the French forces were to withdraw, would that materiel belong to the French Union forces, to the United States, or to the Vietnamese?

Mr. WILEY. I am not able to answer that question.

Mr. KENNEDY. I will say to the Senator that the materiel is worth several billion dollars. Before we appropriate \$712 million, a part of which is to be spent for Vietnam, in addition to having on hand a large unexpended balance, we should know to whom that materiel will belong.

Mr. WILEY. I can only give the Senator my understanding. I read into the RECORD a statement with respect to the appropriation, setting forth clearly that that appropriation is not for Vietnam but is for the other states that we expect

to revitalize, and so forth. However, with the more or less unsettled condition, we believe the Secretary is correct in saying he needs that appropriation to handle the situation we are facing in that part of the world.

As to the materiel the French have accumulated from us in the southern area, which the Senator has mentioned, we must reason it this way: If we can make a deal to get it out, we will make a deal to get it out and have it returned. But, again, conditions are chaotic. There is even a threatened Communist taking over of that territory. The Communists have forces in that territory that are still in shape for taking military action there. The question of what the French will do is unsettled. They may continue fighting there.

Mr. KENNEDY. The only point I am making is that I think the materiel should either be—

Mr. WILEY. I was away for a week, while the Senator from New Jersey [Mr. SMITH] very kindly conducted the hearings, but I am informed by the staff that the whole program is receiving the attention of the administration, which is seeking to accomplish what the Senator from Massachusetts and I want to have accomplished.

Mr. KENNEDY. All I wanted to get was a statement of the Senator's understanding. As I understand, the materiel in the south which will be evacuated when the French Union forces are evacuated will be regained by the United States, and that the materiel that is left in the southern area will be controlled by the French Union forces or will be controlled by the Vietnamese National Army.

Mr. WILEY. Again I must say that I do not know what the terms of the truce are. I will submit any questions the distinguished Senator is asking and will try to get definitive answers. Again I say that conditions over there are fluid and more or less unstable. My understanding is that the intent of our bilateral military assistance agreement provides that the equipment is to be returned to the United States if it cannot be used for the purposes for which it was furnished.

Mr. KENNEDY. Obviously, the purpose for which it was furnished was for the implementation of the Navarre plan, and obviously that purpose does not exist any more. By the time the appropriation bill comes to the Senate I would appreciate it if the Senator from Wisconsin would get the answers to those questions. There is a tremendous money potential in the materiel available in that area. The materiel is worth several billion dollars.

An additional \$12 million is called for, and there is available \$700 million in unexpended balances. There will be a vast sum of money and materiel with which to deal.

The last question I should like to ask is this. In the past most of this substantial sum of money, namely, the money available for the war in the Associated States, has been used to balance the French budget, and the French in turn have obtained the equipment, and it has

gone through the French Government. Therefore, a great deal of the equipment is French equipment, although we paid for it. I should like to ask the Senator how the additional money is to be expended. Is it going to be expended through France, is it going to go to the native government, or exactly how is it going to be spent?

Mr. WILEY. Under the Ferguson amendment, which has been adopted, the money will be expended directly. Of course, other provisions in the bill require that none of the appropriations for this year shall be used unless France joins the EDC.

Mr. KENNEDY. Perhaps we can get more specific assurances when the appropriation bill comes before the Senate.

Mr. WILEY. I shall try to get the answers for the Senator.

CONSERVATION OF WATER RESOURCES IN ARID AND SEMIARID AREAS

Mr. KNOWLAND. Mr. President, pursuant to the motion I previously entered, on which I consulted with the acting minority leader, I ask unanimous consent to reconsider the vote by which the Senate agreed to House amendments to the bill (S. 3137) to make the provisions of the act of August 28, 1937, relating to the conservation of water resources in the arid and semiarid areas of the United States applicable to the entire United States, and to increase and revise the limitation on aid available under the provisions of the said act, and for other purposes.

The PRESIDING OFFICER. Is there objection?

Mr. WATKINS. Mr. President, I should like an explanation of what this means.

Mr. KNOWLAND. This is the matter that the Senator from Vermont [Mr. Aiken] took up the other day. The Senate concurred in the House amendments. When the bill reached enrollment, it was found that a comma that should have been included was omitted, and that the word "improvement" had been used, instead of the word "improved." Those were the only changes. We had to ask for the papers to be returned from the House, so we can agree to the House amendments in their proper form.

Mr. WATKINS. I thank the Senator.

The PRESIDING OFFICER. Without objection, the vote by which the Senate agreed to the amendments of the House will be reconsidered.

Mr. KNOWLAND. Mr. President, I now move that the Senate concur in the House amendments with the following amendments:

Amendment No. 1: After the word "farming", insert a comma.

Amendment No. 3: Strike out the word "improvement" and insert the word "improved."

The motion was agreed to.

MUTUAL SECURITY ACT OF 1954

The Senate resumed the consideration of the bill (H. R. 9678) to promote the security and foreign policy of the

United States by furnishing assistance to friendly nations, and for other purposes.

Mr. SMITH of New Jersey. Mr. President, I call up my amendment "7-28-54-G." It is a very simple amendment.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 112, line 20, after "(a)" it is proposed to insert a new sentence as follows:

The President is hereby authorized to continue membership for the United States on the Intergovernmental Committee for European Migration in accordance with its constitution approved in Venice, Italy, on October 19, 1953.

Mr. SMITH of New Jersey. This amendment is designed to clarify section 405 of the bill under consideration so as to make it plain that that section does authorize the United States to accept the constitution of the Intergovernmental Committee for European Migration, adopted at the sixth session of ICEM in Venice, Italy, on October 19, 1953.

This convention was held, and members of the House Judiciary Committee were there and helped draft the constitution. The House has already approved this step; and this amendment is merely for the purpose of taking similar action.

I ask unanimous consent to have printed in the RECORD a statement with regard to this matter which I have from the staff, and also the constitution to which I referred, adopted on October 19, 1953.

There being no objection, the statement and constitution were ordered to be printed in the RECORD, as follows:

This amendment is designed to clarify section 405 of the bill under consideration so as to make it plain that that section does authorize the United States to accept the constitution of the Intergovernmental Committee for European Migration, adopted at the sixth session of ICEM in Venice, Italy, on October 19, 1953.

The mutual security bill now before the body in section 405, contains an authorization of \$11,189,190 for contributions during the calendar year 1955 to the Intergovernmental Committee for European Migration, and thereafter such amounts as may be necessary from time to time for the payment by the United States of its contributions to the Committee and all necessary salaries and expenses incident to United States participation in the Committee. An identical section for this authorization has been approved by both Houses.

Just a word about the constitution of ICEM which was adopted at the sixth session of the Intergovernmental Committee for European Migration in Venice in 1953. The sixth session of ICEM was attended by a sizable congressional delegation from the United States. My distinguished colleague, Senator WATKINS from Utah, attended from the Senate. There were five members of the House Judiciary Committee in attendance—Representative CHAUNCEY W. REED, chairman of the House Judiciary Committee, Representatives RUTH THOMPSON (Michigan), EDWARD A. JONAS (Illinois), FRANCIS E. WALTER (Pennsylvania), and J. FRANK WILSON (Texas).

Chairman CHAUNCEY W. REED, of the House Judiciary Committee, was chairman of the sixth session's subcommittee on constitution. In his report submitting the newly

drafted constitution to the plenary session, he pointed out that the previous temporary arrangements under which ICEM had been operating must be supplanted by a real charter upon which the organs of the committee can effectively plan for the future and explore the possibilities of firming up its foundations. The congressional group which attended the sixth session was convinced that the basic concepts upon which the committee is organized are sound and that there are good prospects that the committee will increase the movement of migrants out of Europe.

I should like to point out that ICEM is one international organization to which no single Communist country is a party. Of the 24 members of the organization, 11 nations have now accepted the ICEM constitution—Australia, Austria, Canada, Denmark, Greece, Israel, Italy, the Netherlands, Paraguay, Sweden, and Switzerland. Under the provisions of article 33 of the constitution, it cannot come into force without the acceptance of two-thirds of the 24 members (which would be 16), and it cannot come into force without the acceptance of the United States.

I believe this may be our last opportunity at this session of Congress to authorize United States acceptance of the ICEM constitution and therefore request that this amendment be adopted.

CONSTITUTION

(As adopted on October 19, 1953)

(Preamble)

The governments, members of the Intergovernmental Committee for European Migration,

Reaffirming the principles embodied in the resolution adopted on December 5, 1951, by the Migration Conference in Brussels and annexed hereto;

Recognizing that the furnishing of special migration services is often needed in order to increase the volume of European emigration and to ensure the smooth accomplishment of migratory movements and, in particular, the settlement of the migrants under the most favourable conditions for their quick integration into the economic and social life of their countries of adoption;

that international financing of European emigration would not only contribute to solving the problem of population in Europe, but may also stimulate the creation of new economic opportunities in countries lacking manpower;

that the movement of migrants should as far as possible be effected by the normal shipping and air transport services but that, from time to time, there is evidence of a need for additional transport facilities;

that there is need to promote the co-operation of governments and international organizations with a view to the emigration of persons who desire to emigrate to overseas countries where they may achieve self-dependence through useful employment and live with their families in dignity and self-respect, doing their part to contribute to peace and order in the world;

Do hereby establish

the Intergovernmental Committee for European Migration (hereinafter called the committee) as a nonpermanent organization and

Accept this constitution.

CHAPTER I—PURPOSE AND FUNCTIONS

Article 1

1. The purpose and functions of the committee shall be:

(a) to make arrangements for the transport of migrants, for whom existing facilities are inadequate and who could not otherwise be moved, from European countries having

surplus population to countries overseas which offer opportunities for orderly immigration;

(b) to promote the increase of the volume of migration from Europe by providing, at the request of and in agreement with the governments concerned, services in the processing, reception, first placement, and settlement of migrants which other international organizations are not in a position to supply, and such other assistance to this purpose as is in accord with the aims of the committee.

2. The committee shall recognize the fact that control of standards of admission and the number of immigrants to be admitted are matters within the domestic jurisdiction of states, and, in carrying out its functions shall conform to the laws, regulations, and policies of the emigration and immigration countries concerned.

3. The committee shall be concerned with the migration of refugees for whom arrangements may be made between the committee and the governments of the countries concerned, including those undertaking to receive them.

CHAPTER II—MEMBERSHIP

Article 2

The members of the committee shall be:

(a) the governments being members of the Intergovernmental Committee for European Migration which have accepted this constitution according to article 33, or to which the terms of article 34 apply;

(b) other governments with a demonstrated interest in the principle of the free movement of persons which undertake to make a financial contribution at least to the administrative requirements of the committee, the amount of which will be agreed to by the council and by the government concerned, subject to a two-thirds majority vote of the council and upon acceptance by the government of this constitution.

Article 3

Any member may give notice of withdrawal from the committee effective at the end of a financial year. Such notice must be in writing and must reach the director of the committee at least 4 months before the end of the financial year. The financial obligations to the committee of a member which has given notice of withdrawal shall include the entire financial year in which the notice is given.

Article 4

Any member may be disqualified from membership by a two-thirds majority vote of the council, if it fails to meet its financial obligations to the committee for 2 consecutive financial years or if it persistently violates the principles contained in this constitution.

CHAPTER III—ORGANS

Article 5

There are established as the organs of the committee:

- (a) the council;
- (b) the executive committee;
- (c) the administration.

CHAPTER IV—COUNCIL

Article 6

The functions of the council, in addition to those mentioned in other provisions of this constitution, shall be:

(a) to determine the policies of the committee;

(b) to review the reports and to approve and direct the activities of the executive committee;

(c) to review the reports and to approve and direct the activities of the director;

(d) to review and approve the budget, the plan of expenditure, and the accounts of the committee;

(e) to take any other appropriate action to further the purpose of the committee.

Article 7

1. The council shall be composed of representatives of the members governments.
2. Each member government shall have one representative and such alternates and advisers as it may deem necessary.
3. Each member government shall have one vote in the council.

Article 8

1. The council shall normally meet twice a year, at such times as shall be determined by it, unless two-thirds of its members decide that only one session is necessary in any given year.
2. The council shall meet in special session at the request of:
 - (a) one-third of its members;
 - (b) the executive committee;
 - (c) the director in urgent circumstances.
3. The Council shall elect a chairman and other officers at the beginning of each session.

Article 9

The council may set up such subcommittees as may be required for the proper discharge of its functions.

Article 10

The council shall adopt its own rules of procedure.

CHAPTER V—EXECUTIVE COMMITTEE

Article 11

The functions of the executive committee shall be:

- (a) To prepare the sessions of the council, by studying the annual reports of the Director and all special reports.
- (b) To study all financial and budgetary questions falling within the competence of the council, and to transmit its recommendations thereon to the council.
- (c) To study any specific question referred to it by the council, and to transmit its recommendations thereon to the council.
- (d) To advise the Director on any matters which he may refer to it.
- (e) To consider any matter specifically referred to it by the council, and to take such action as may be deemed necessary thereon.
- (f) To make, in exceptional circumstances between sessions of the council, any emergency decisions on matters falling within the competence of the council, which shall be reviewed by that body at its next following session.

Article 12

1. The executive committee shall be composed of the representatives of nine member governments.
2. These member governments shall be elected by the council for 1 year and shall be eligible for reelection.
3. Each member of the executive committee shall have one representative and such alternates and advisers as it may deem necessary.
4. Each member of the executive committee shall have one vote.

Article 13

1. The executive committee shall meet regularly before each session of the council.
2. A special session of the executive committee may be called at the request of its chairman, of the director after consultation with the chairman of the council, or of a majority of the members of the executive committee.
3. The executive committee shall elect a chairman and a vice chairman from among its members for a 1-year term.

Article 14

The executive committee shall adopt its own rules of procedure.

CHAPTER VI—ADMINISTRATION

Article 15

The administration shall comprise a director, a deputy director, and such staff as the council may determine.

Article 16

1. The director and the deputy director shall be appointed by a two-thirds majority vote of the council and shall serve under contracts approved by the council, which shall be signed on behalf of the committee by the chairman of the council.
2. The director shall be responsible to the council and the executive committee. He shall discharge the administrative and executive functions of the committee in accordance with this constitution and the policies and decisions of the council and the executive committee and the rules and regulations established by them. He shall formulate proposals for appropriate action by the council.

Article 17

The director shall appoint the staff of the administration in accordance with the staff regulations adopted by the council.

Article 18

1. In the performance of their duties, the director, the deputy director and the staff shall neither seek nor receive instructions from any government or from any authority external to the committee. They shall refrain from any action which might reflect on their position as international officials.
2. Each member government undertakes to respect the exclusively international character of the responsibilities of the director, the deputy director and the staff and not to seek to influence them in the discharge of their responsibilities.
3. Efficiency, competence, and integrity shall be the necessary considerations in the recruitment and employment of the staff which, except in special circumstances, shall be recruited among the nationals of countries whose governments are members of the committee, taking into account, as far as possible, their geographical distribution.

Article 19

The director shall be present, or be represented by the deputy director or another official designated by him, at all sessions of the council, the executive committee and any subcommittees. He or his representative may participate in the discussions but shall have no vote.

Article 20

At the regular session of the council next following the end of each financial year, the director shall make to the council, through the executive committee, a report on the work of the committee, giving a full account of its activities during that year.

CHAPTER VII—HEADQUARTERS

Article 21

1. The committee shall have its headquarters in Geneva. The council may, by a two-thirds majority vote, change its location.
2. The meetings of the council and the executive committee shall be held at headquarters, unless two-thirds of the members of the council or the executive committee respectively have agreed to meet elsewhere.

CHAPTER VIII—FINANCE

Article 22

The director shall submit to the council, through the executive committee, an annual budget covering the administrative and operational requirements and the anticipated resources of the committee, such supplementary estimates as may be required, and the annual or special accounting statements of the committee.

Article 23

1. The requirements of the committee shall be financed:
 - (a) as to the administrative part of the budget, by cash contributions from member governments;
 - (b) as to the operational part of the budget, by contributions in cash or services from

member governments, other governments, organizations, or individuals.

Payments shall be made promptly, and in full prior to the expiration of the financial year for which the contribution is required.

2. Every member government shall be required to contribute to the administrative expenditure of the committee in an amount agreed to by the council and by the member government concerned.

3. Contributions to the operational expenditure of the committee shall be voluntary and any contributor to the operating fund may stipulate the terms and conditions under which its contribution may be used.

4. (a) All headquarters administrative expenditure and all other administrative expenditure except that incurred in pursuance of the objectives outlined in paragraph 1 (b) of article 1 shall be attributed to the administrative part of the budget;

(b) All operational expenditure and such administrative expenditure as is incurred in pursuance of the objectives outlined in paragraph 1 (b) of article 1 shall be attributed to the operational part of the budget.

5. The committee shall insure that its administration is conducted in an efficient and economical manner.

Article 24

The financial regulations shall be established by the council.

CHAPTER IX—LEGAL STATUS

Article 25

The committee shall possess full juridical personality and enjoy such legal capacity as may be necessary for the exercise of its functions and the fulfillment of its purpose, and in particular the capacity, in accordance with the laws of the territory: (a) to contract; (b) to acquire and dispose of immovable and movable property; (c) to receive and disburse private and public funds; (d) to institute legal proceedings.

Article 26

1. The committee shall enjoy, subject to agreements with the governments concerned, such privileges and immunities as may be necessary for the exercise of its functions and the fulfillment of its purpose.

2. Representatives of member governments, the director, the deputy director, and the staff of the administration shall likewise, subject to agreements with the governments concerned, enjoy such privileges and immunities as are necessary for the independent exercise of their functions in connection with the committee.

CHAPTER X—RELATIONS WITH OTHER ORGANIZATIONS

Article 27

1. The committee shall cooperate with international organizations, governmental and nongovernmental, concerned with migration or refugees.

2. The committee may invite any international organization, governmental or nongovernmental, concerned with migration or refugees to be represented at the meetings of the council under conditions prescribed by the council. No representative of such an organization shall have the right to vote.

CHAPTER XI—MISCELLANEOUS PROVISIONS

Article 28

1. Except as otherwise expressly provided in this constitution or rules made by the council or the executive committee, all decisions of the council, the executive committee and all subcommittees shall be taken by a simple majority vote.

2. Majorities provided for in this constitution or rules made by the council or the executive committee shall refer to members present and voting.

3. No vote shall be valid unless a majority of the members of the council, the executive committee or the subcommittees concerned are present.

Article 29

1. Texts of proposed amendments to this constitution shall be communicated by the director to member governments at least 3 months in advance of their consideration by the council.

2. Amendments shall come into force when adopted by two-thirds of the members of the council and accepted by two-thirds of the member governments in accordance with their respective constitutional processes, provided, however, that amendments involving new obligations for members shall come into force in respect of each member only on acceptance by it.

Article 30

Any dispute concerning the interpretation or application of this constitution which is not settled by negotiation or by a two-thirds majority vote of the council shall be referred to the International Court of Justice in conformity with the statute of the Court, unless the member governments concerned agree on another mode of settlement within a reasonable period of time.

Article 31

Subject to approval by two-thirds of the members of the council, the committee may take over from any other international organization or agency the purposes and activities of which lie within the purpose of the committee such activities, resources, and obligations as may be determined by international agreement or by mutually acceptable arrangements entered into between the competent authorities of the respective organizations.

Article 32

The council may, by a three-quarters majority vote, decide to dissolve the committee.

Article 33

This constitution shall come into force, for those governments members of the Intergovernmental Committee for European Migration which have accepted it in accordance with their respective constitutional processes, on the day of the first meeting of that committee after:

(a) at least two-thirds of the members of the Committee; and

(b) a number of members whose contributions represent at least 75 percent of the administrative part of the budget, shall have communicated to the director their acceptance of this constitution.

Article 34

Those governments members of the Intergovernmental Committee for European Migration which have not by the date of coming into force of this constitution communicated to the director their acceptance of this constitution may remain members of the committee for a period of 1 year from that date if they contribute to the administrative requirements of the committee in accordance with paragraph 2 of article 23, and they shall retain during that period the right to accept the constitution.

Article 35

The English, French, and Spanish texts of this constitution shall be regarded as equally authentic.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New Jersey.

Mr. WILEY. Mr. President, I am informed the State Department thinks this amendment would be helpful if added to the bill so I am happy to take the amendment to conference.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

Mr. HUMPHREY. Mr. President, I call up my amendment "7-22-54-N."

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 151, line 2, after the word "Reserve", it is proposed to insert "and the provisions of section 1005 of the Foreign Service Act shall apply in the case of such persons."

On page 151, line 11, it is proposed to strike out "sections 443 and 528" and insert "sections 443, 528, and 1005."

Mr. HUMPHREY. Mr. President, the purpose of my amendment is to make applicable the provisions of the Foreign Service Act which insure that the State Department is operated on a nonpartisan personnel basis. The amendment applies specifically to overseas appointments of the Foreign Operations Administration, where it has been charged that there exist the beginnings of an effective spoils system.

The Foreign Service Act of 1946 eliminates the political test of personnel policy of the State Department overseas. The only loophole remaining relates to the overseas appointments, and my amendment would close that loophole.

I have discussed this matter with the chairman of the committee, and I believe the staff has also been involved in those discussions.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Minnesota.

Mr. WILEY. Mr. President, this matter was taken up with the Foreign Operations Administration. They have informed me of the agency's view on the amendment. They say this amendment, similar to the one offered on the floor of the House, would subject certain FOA overseas appointments to the provisions of section 1005 of the Foreign Service Act.

Section 1005 prohibits in employment matters the application of any political test or any discrimination because of race, creed, or color. Under the proposed amendment, section 1005 would apply to personnel appointed or assigned under section 528 (c) of the mutual security bill, but not to persons appointed under section 527 if they are chiefs or deputy chiefs of missions of staffs abroad. Consequently, I am informed the agency has no objection to the amendment, and I am happy to take it to conference.

Mr. HUMPHREY. I ask to have printed at this point in the body of the RECORD a statement to explain more fully the amendment.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

I send to the desk an amendment which is designed to improve the efficiency and administration of the Foreign Operations Administration. It is important that personnel practices in the FOA be free of partisan politics. There is reason to believe that of late there has been introduced into that agency considerations of political patronage. This agency should be free of the tinge of partisan politics and political patronage.

My amendment would make applicable the provisions of the Foreign Service Act which insure that the State Department is operated on a nonpartisan personnel basis. This amendment would apply specifically to the overseas appointments of the FOA where it has been charged there exists the beginnings of an effective spoils system.

There should not be a political test for appointment to the overseas staff of the FOA. There is no political test in the Civil Service Commission with regard to merit and career employees of our Government. The Foreign Service Act of 1946 eliminates a political test for the personnel policy of the State Department overseas. The only loophole remaining relates to the overseas appointments of the FOA. My amendment would close that loophole.

Furthermore, my amendment would not affect the vast bulk of policy jobs in the agency. It would not affect 60 policy positions. It would not affect 16 mission chiefs. It does affect the technical-assistance program.

Let me bring to the attention of the Senate a recent item from Mr. Jerry Klutts, the civil-service expert for the Washington Post and Times Herald, who said: "The Foreign Operations Administration has required political clearance for even stenographers and clerks. * * * Reportedly, most appointments and promotions in that agency must have the prior O. K. of the patronage dispenser there."

Let me remind the Senate, furthermore, that under the Democratic administration our overseas operation was always conducted on a nonpartisan manner insofar as personnel practices were concerned. The first head of the ECA was a Republican, Mr. Paul Hoffman. Many of the top mission chiefs abroad were Republicans. This is the American way to operate our foreign-aid program.

I want to take this opportunity to offer congratulations to Congressman HARRISON A. WILLIAMS, JR., of New Jersey, who sponsored a similar amendment in the House of Representatives. I regret that that amendment was defeated by the narrow margin of 120 to 128. I am certain that defeat can be accounted for by the fact that there was not an opportunity to explain the amendment. It is an amendment which should be readily accepted by Republicans and Democrats alike. It is my hope that the amendment will be accepted by the committee.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Minnesota.

The amendment was agreed to.

Mr. WILLIAMS. I call up my amendment "7-28-54-H," as modified.

The PRESIDING OFFICER. The amendment of the Senator from Delaware will be stated.

The LEGISLATIVE CLERK. On page 137, in line 21, after the word "vessels", it is proposed to insert "provided such rates are fair and reasonable."

Mr. WILLIAMS. Mr. President, this section of the bill, as put in by the Foreign Relations Committee, provides that 50 percent, as near as practicable, of the shipping will be in American ships. I agree with the principle of that provision. However, in the past we have had the experience that, after the enactment of such legislation and the passage of these bills, the shipping rates on the particular products involved have trebled or doubled in many instances. It surely was not the intention of Congress that any such advantage should be taken of this proposal. Therefore, I am suggesting this amendment, the purpose of which is to indicate that it is the intention of Congress that such shipping rates should be fair and reasonable. I have discussed the amendment with some of the members of the committee, and I understand it is in line with their intentions.

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the Senator from Delaware [Mr. WILLIAMS].

Mr. WILEY. Mr. President, I am informed by the distinguished Senator—and I think he could give us concrete examples—that after we have disposed of some of our commodities, as a result of action taken, there has been almost unconscionable increase of rates. I think it is our business to protect the Government, and I feel that at least we can take this amendment to conference, and in the meanwhile we can become fully informed as to just what the practice in this matter has been in the past. I feel it is our business to see that while fair and reasonable rates are charged, an opportunity for the Government to be gouged is not presented. So I will take the amendment to conference.

The PRESIDING OFFICER. The question is on agreeing to the amendments of the Senator from Delaware.

The amendment was agreed to.

Mr. WILEY. Mr. President, during the hearings which the Foreign Relations Committee held on the mutual security program for 1955, I asked representatives of the Department of Defense whether it would be possible to make substantial reductions in the authorization for next year, in view of the large unexpended and unobligated balances which remain credited to the account of the mutual security program.

Assistant Secretary of Defense H. Struve Hensel addressed to me a letter in which he comments in some detail on this matter and throws considerable light upon an extremely difficult problem. I shall not attempt to summarize Mr. Hensel's letter at this point. He comes to the conclusion, however, that "a reduction by the Congress of our military assistance programs would not only prevent the United States from carrying out future planning for mutual defense which I consider vital to the security of this country, but would also, in my judgment, have a most serious impact upon our allies."

Mr. President, in view of the great interest which Members of the Senate have in the problem of helping build a collective defense system for the free world, I ask unanimous consent to have printed at this point in the RECORD, as part of my remarks, the full text of Mr. Hensel's letter. I sincerely hope that Members of the Senate who will be asked to cast their votes on this measure when the time comes, will find—either before or after they vote—time to read Mr. Hensel's remarks. So I am asking that the letter be printed in the RECORD.

There being no objection, the letter was ordered printed in the RECORD, as follows:

ASSISTANT SECRETARY OF DEFENSE,
Washington D. C., July 6, 1954.

Hon. ALEXANDER WILEY,
Chairman, Committee on Foreign
Relations, United States Senate.

DEAR SENATOR WILEY: At this juncture when your committee is in the final stages

of considering the proposed mutual security program for fiscal year 1955, I should like to emphasize to you the importance of this program to the Department of Defense. In particular, I am convinced that the military assistance portion of the program, for which the President has requested an authorization this year of \$1.58 billion, is essential to the security of our country and of the free world.

Our first programs of military assistance were directed toward building up the armed forces of our allies within realistic limits of manpower by providing military equipment which they could not provide for themselves. To a large extent, the funding of the equipment required for this initial phase of the mutual defense assistance program has been accomplished. Except as new emergencies may arise, our concern in the future will be chiefly the sustaining of suitable and necessary forces. Thus, much of the equipment and material contained in the military assistance program for fiscal year 1955 is for support forces, maintenance of equipment on hand, and war reserves. This equipment is extremely important to the military forces of our allies. In fact, without it their fighting effectiveness will be very seriously reduced. As you know, aircraft and artillery are only effective in the event of war to the extent that sufficient stocks of bombs and ammunition are immediately available for use.

As we have moved from the initial build-up phase of the military assistance program to the second phase, the executive branch has been able to reduce substantially its requests for funds to continue the program. However, I believe it is most important that your committee approve the authorization for military assistance in the full amount requested by the President, since this will permit the United States and its allies to continue essential military planning for mutual defense. So long as the Soviet threat of aggression remains, we must go ahead with our policy of insuring that there will be military strength in the free world that will act as a deterrent to such aggression or will be used to fight that aggression if it should occur.

I must emphasize that we did not devise the military assistance program for fiscal year 1955 as a substitute for any of the previously approved and funded programs. These earlier programs continue to be essential to our military planning and to the military planning of our allies. The military assistance program for fiscal year 1955 is a continuation and necessary addition to these previous programs in the light of today's world situation.

In this connection, I should like to comment on the existing large balances of unexpended and unobligated funds appropriated for mutual-defense assistance in prior years. The point I particularly wish to make is that these balances represent items of required equipment, amounts required for training, and the like, which have been planned for in connection with previous programs justified to and approved by the Congress.

Consequently, no savings to the Government would result by applying the unexpended or unobligated balances against the military equipment and material contained in the fiscal year 1955 program, since equivalent funds would simply have to be made available for earlier and equally valid programs now backed by these funds.

Let me assure you further that the proposed fiscal year 1955 military-assistance program is, in our opinion, the minimum program consistent with the worldwide interests of the United States. The military

requirements of our allies for our mutual defense, as planned by our military experts and priced out in the autumn of 1953, amounted to \$4.7 billion. However, the executive branch came to the conclusion that the military program should be held this year to only the most essential items, totaling \$1.58 billion.

There is another point that I believe should be stressed. The countries that have entered into mutual-defense arrangements with the United States look to us for leadership and guidance in matters affecting our common security. In consequence, a reduction by the Congress of our military assistance programs would not only prevent the United States from carrying out future planning for mutual defense which I consider vital to the security of this country, but would also, in my judgment, have a most serious impact upon our allies. Such a cut would probably be construed by many of our friends as a long step away from the concept of mutual security. At the least, it might cause our allies to reduce their own military contributions. At the worst, it might have an adverse effect upon our entire foreign policy.

The United States has undertaken a tremendous task in the military-assistance programs, not only in size and cost but also in responsibility. We must carry on with this task. I believe that the programs before you will develop collective security more efficiently, less expensively, and to a greater degree than would be possible if we were to confine our efforts to building up only our own Armed Forces, and our own mobilization base.

In the interests of our national security and welfare, I urge your committee to authorize the full amount of the funds requested by the President for the mutual security program for fiscal year 1955, including the \$1.58 billion requested for the mutual-defense assistance program.

Sincerely yours,

H. STRUVE HENSEL.

Mr. HUMPHREY. Let me ask the Senator a question at this point, so we shall not have to go into the matter tomorrow when we get on the more or less controversial features of the bill. In the bill we provide for \$13½ million for the UNICEF program—the United Nations International Children's Emergency Fund. That was according to the budget request, as I recall.

Mr. WILEY. That is right.

Mr. HUMPHREY. That is for an 18-month period, is it not?

Mr. WILEY. That is my recollection.

Mr. HUMPHREY. There was some argument or discussion over the 60-percent ceiling as to the amount of the contribution which the United States should make. The maximum was lowered, I believe.

Would the chairman be able to give us a little insight into that problem? Has it been possible to rectify the difficulties, so that the contribution by the United States will be adequate, and that the fund will in no way be jeopardized?

Mr. WILEY. I shall read from the committee report, which I think provides the answer, as follows:

The United States contribution in the past has been about 70 percent of all contributions to the central account of the Children's Fund, from which allocations for aid are made, and about 25 percent of all types of

contributions, including contributions in local currency and resources by assisted governments. The administration expects to reduce contributions to the central account to 60 percent of the total but to continue the ratio of one-fourth of all contributions to the central account plus local matching contributions. The committee supports the administration's intention to press more vigorously for greater financial support of the Children's Fund by other governments, but some members believe it would be unwise for our Government to push too precipitately toward the 60-percent goal in advance of the ability of other countries to increase their share of the total.

The committee noted that more than 70 percent of UNICEF funds are allocated to the underdeveloped areas of Asia, Africa, and Latin America. Inasmuch as there are a number of other bilateral and multilateral programs in these areas, the committee requested and received reassurances that there is no overlapping and duplication of activities. Children's Fund operations are closely coordinated or undertaken jointly with those of such specialized agencies operating in the same field as the World Health Organization and the Food and Agriculture Organization.

Mr. HUMPHREY. I thank the chairman. I thought it was good to have this statement in the CONGRESSIONAL RECORD as a matter of legislative history even though we recognize the report of the committee as being controlling with respect to the interpretation of the provision. It is now the view of the committee that with the passage of the bill it will be the express view of Congress that while we should like to have the participating and sharing countries give more generously to the fund, and while we have during the past taken on the burden of almost 70 percent of the total cost of the fund, we will not move precipitately to the 60-percent objective. We shall move toward it, but not necessarily to the point where we will jeopardize the efficacy or the value of the fund to the recipients—that is, the children. That is a correct interpretation, is it not?

Mr. WILEY. That is my understanding. I wish to say that when we speak in terms of 70 percent, we are speaking in terms of a relatively small amount which is involved, when it is considered that the United States is spending on this project \$13,500,000, and the total amount provided in the bill will be about \$3,100,000,000. We must not confuse the thinking of our constituents when we speak about 70 percent.

Mr. HUMPHREY. The percentage sounds much bigger than the aggregate; and actually more than 60 million children and their parents have been helped through the fund. I happen to think that it is one of the great accomplishments of the humanitarian aspects of United States foreign policy. I am strongly in support of it.

Mr. SMITH of New Jersey. I agree with the Senator that we are speaking in terms of the percentage of contributions by the United Nations countries. The countries which are being benefited are contributing a very much larger amount in total. Therefore, our own percentage, when all contributions are considered, with respect to countries benefiting and United Nations participating countries,

is something like 20 percent. I desired to have this statement appear, because the situation is not as though we were paying the whole cost. The countries which are benefiting also contribute to a great extent.

Mr. HUMPHREY. Mr. President, the Senator from New Jersey and the Senator from Wisconsin have been strong supporters of the bill. I join with them in the expressions which they have just made.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a brief statement I have prepared with reference to the United Nations Children's Fund. I am hopeful that no effort at all will be made to limit or to reduce the amount of \$13,500,000. I am certain that no effort will be made to do that, because to me this program is a wonderful expression of the really compassionate desire and attitude of the American people toward the underprivileged people throughout the world.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT ON THE UNITED NATIONS CHILDREN'S FUND

At this time I should like to call the attention of the Members to one of the small but very important parts of the mutual-security program, the United Nations Children's Fund. The children's fund has been one of the few outstanding examples of effective cooperation for constructive purposes among the 55 nations participating. It has demonstrated in a practical way that the whole world can see that the technical knowledge and resources of all the contributing countries can be put to work to solve the problems of disease and malnutrition that still plague vast areas of the world and millions of its peoples. Through the leadership of the children's fund, the governments of the underdeveloped areas are learning to help their own people; they are being taught to help themselves to eradicate yaws, the crippling tropical ulcers that debilitate and even maim its child victims, to control tuberculosis, to destroy the malaria-carrying mosquito. In short, these are projects of permanent improvement and development which the country benefited can continue indefinitely long after the external aid from UNICEF has ended.

We know that strong, healthy people who see the promise of a brighter future for themselves through these tangible evidences of goodwill from the free nations will not fall prey to deceptive doctrines preached to them from Communist sources. UNICEF has offered such hope already to 60 million children and their parents. It is my hope that this great work, where so much good is being done with comparatively small cost, will go on at its present level of achievement. I hope that nothing will be done by this Government to dim the hopes of the peoples in those countries where UNICEF projects are already underway, or approved for early initiation.

I urge that the full \$13,500,000 as requested by the President be approved by the Senate, and that this contribution to the Children's Fund be made without drastic administrative restrictions.

The American people believe in this work. They have expressed their wish to see it encouraged and continued without any crippling restrictions. Among the important national organizations, representing many million members, supporting the full unrestricted appropriation for the Children's

Fund are the National Congress of Parents and Teachers; the General Federation of Women's Clubs; American Association of Social Workers; American Parents Committee; Association for Childhood Education International; Child Study Association of America; Child Welfare League of America, Inc.; Friends Committee on National Legislation; Methodist Church, Women's division of Christian Service of the Board of Missions; National Board of Young Women's Christian Association; National Council of Jewish Women; United Church Women; and Women's International League for Peace and Freedom.

CONVENTION WITH REPUBLIC OF GERMANY FOR AVOIDANCE OF DOUBLE TAXATION WITH RESPECT TO TAXES ON INCOME—REMOVAL OF INJUNCTION OF SECRECY

The PRESIDING OFFICER. As in executive session, the Chair lays before the Senate Executive J, 83d Congress, 2d session, a convention between the United States of America and the Federal Republic of Germany for the avoidance of double taxation with respect to taxes on income, signed in the English and German languages at Washington on July 22, 1954.

Mr. WILEY. Mr. President, I ask unanimous consent that the injunction of secrecy be removed from the convention, and that the President's message and the convention be referred to the Committee on Foreign Relations, and that the President's message be printed in the RECORD.

The PRESIDING OFFICER. Without objection, the injunction of secrecy will be removed, and the convention, together with the President's message will be referred to the Committee on Foreign Relations, and the President's message will be printed in the RECORD.

The message of the President is as follows:

To the Senate of the United States:

With a view to receiving the advice and consent of the Senate to ratification, I transmit herewith the convention between the United States of America and the Federal Republic of Germany for the avoidance of double taxation with respect to taxes on income, signed in the English and German languages at Washington on July 22, 1954.

I also transmit for the information of the Senate the report by the Secretary of State with respect to the convention. The convention has the approval of the Department of State and the Department of the Treasury.

DWIGHT D. EISENHOWER.
THE WHITE HOUSE, July 29, 1954.

(Enclosures: 1. Report by the Secretary of State. 2. Income tax convention between the United States and the Federal Republic of Germany.)

RECESS TO 9 O'CLOCK A. M.
TOMORROW

Mr. SMITH of New Jersey. Mr. President, in accordance with the order previ-

ously entered, I move that the Senate stand in recess until 9 o'clock tomorrow morning.

The motion was agreed to; and (at 7 o'clock and 58 minutes p. m.) the Senate took a recess, the recess being, under the order previously entered, until tomorrow, Friday, July 30, 1954, at 9 o'clock a. m.

NOMINATION

Executive nomination received by the Senate July 29 (legislative day of July 2), 1954:

UNITED STATES ATTORNEY

Theodore E. Munson, of Alaska, to be United States attorney for division No. 1, district of Alaska, vice Patrick J. Gilmore, resigned.

CONFIRMATION

Executive nomination confirmed by the Senate July 29 (legislative day of July 2), 1954.

LIBRARY OF CONGRESS

Lawrence Quincy Mumford, of Ohio, to be Librarian of Congress.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued August 2, 1954
For actions of July 30 and 31, 1954
83rd-2nd, Nos. 145 and 146

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HIGHLIGHTS: Senate agreed to correction in housing bill. Senate debated foreign aid bill. House committee reported life insurance bill for Federal employees. House committee voted to report bill giving Attorney General additional investigations authority. House committee rejected bill authorizing LBC-type loans. Rep. Vursell commended USDA farm program. Senate committee reported supplemental appropriation bill, and Sen. Bridges presented additional amendments.

SENATE - July 30

1. HOUSING. Concurred in House corrections of the enrolled bill H. R. 7839, the proposed Housing Act of 1954 (p. 12051). This bill will now be sent to the President.
2. FOREIGN AID. Continued debate on H. R. 9678, the mutual security authorization bill for 1955 (pp. 12034-48, 12051-72, 12074-112).
Agreed to a Malone amendment to eliminate the authorization for stimulating foreign production of strategic materials, by a 49-35 vote (pp. 12034-48).
Agreed to a Smathers amendment to increase the authorization for technical assistance in Latin America by \$10,000,000, by an 86-2 vote (pp. 12074-7).
Rejected, 32-58, a Johnston amendment providing that any eligible nation purchasing any surplus farm commodity shall be granted by CCC an additional quantity equal in value to half of that part of the quantity so purchased which exceeds the average quantity purchased by such nation during the last 3 years (pp. 12110-12).
3. CREDIT UNIONS. Concurred in the House amendment to S. 3683, to transfer supervision of D. C. credit unions from Treasury to HEW (p. 12051). This bill will

now be sent to the President.

4. FARM LOANS. The Interior and Insular Affairs Committee reported without amendment H. R. 7568, authorizing conveyance of certain land by the Farm Loan Board of Hawaii (S. Rept. 2021)(p. 12032).

5. LEGISLATIVE PROGRAM. Sen. Knowland announced that, immediately following the Flanders motion and the foreign-aid bill, the farm-program bill will be made the unfinished business, but that actual consideration of the farm bill will be postponed for part or all of one day so that the calendar of bills may be called. He stated further: "I had thought we might dispose of the farm bill in 2 full days...It might even require 3 days...I think we would have to allow at least 3 or 4 days in conference... the majority leader has no intention of moving to adjourn the Senate sine die until it has completed consideration of ...the farm bill." (p. 12073.)

HOUSE - July 30

6. PERSONNEL. The Post Office and Civil Service Committee reported without amendment S. 3681, to authorize the Civil Service Commission to make available group life insurance for civilian officers and employees in the Federal service (H. Rept. 2579)(p. 12250).

This Committee also reported with amendment H. R. 6790, to increase the salary of the Chairman of the Council of Economic Advisers to \$17,500 (H. Rept. 2581)(p. 12250).

Rep. Fogarty recommended an increase in pay for Federal employees (p. 12181).

7. HARDBOARD IMPORTS. Passed, 235-109, as reported H. R. 9666, to classify hardboard under the "wood and manufactures of" schedule of the Tariff Act. Rep. Utt inserted a Forest Service statement on the importance of developing the hardwood industry. (pp. 12184-93.)

8. RECLAMATION. Passed as reported H. R. 8384, to authorize the Talent division, Oreg., by a 163-144 vote (pp. 12201-11).

Passed with amendments H. R. 8498, to authorize reestablishment of the Pao Verde district, Calif. (pp. 12226-30).

9. INVESTIGATIONS. The Judiciary Committee ordered reported S. 2308, amended, to direct the Attorney General to investigate certain offenses against the Federal Government (p. D922).

10. FARM LOANS. The "Daily Digest" states that, during consideration of S. 3339 (to authorize FCA to make Land Bank Commissioner-type loans) by the Agriculture Committee, "a motion to report the bill to the House was not adopted" (p. D921).

11. ADJOURNMENT; LEGISLATIVE PROGRAM. By a 180-167 vote, agreed to H. Con. Res. 266, providing for sine die adjournment on July 31. It was expected that, at a later date, the Senate would consider the measure and would amend it to set a later date for adjournment. It was explained that the House would have to consider the matter again, in order to determine whether it would agree to the adjournment date proposed by the Senate; and therefore the first House vote would have no effect on whether a vote could be taken on the Corbett pay-raise bill. (pp. 12193-4.) The House then adjourned until Tues., Aug. 3 (p. 12250). Rep. Halleck announced that S. 3385, transferring extension work

MUTUAL SECURITY ACT OF 1954

The Senate resumed the consideration of the bill (H. R. 9678) to promote the security and foreign policy of the United States by furnishing assistance to friendly nations, and for other purposes.

THE INTERNATIONAL WPA, THE FOREIGN OPERATIONS ADMINISTRATION (FOA) SUCCESSOR, UNRRA, BRITISH LOAN, MARSHALL PLAN, ECA, AND MUTUAL SECURITY

Mr. MALONE. Mr. President, I oppose this bill. I oppose this international WPA, which in the past 10 years has paid out doles to 166 foreign nations and dependencies, at a cost of \$59,351,000,000 to American taxpayers.

Mr. President, the colonial slavery nations of Europe, which include Great Britain, France, the Netherlands, Belgium, and others of lesser import, have but one god—trade—and but one foreign policy. These nations control the colonial possessions and take an override on the earnings of the colonial areas which make up 50 percent of the land area of the world.

BRITAIN'S FOREIGN POLICY

Mr. President, over 100 years ago—in 1848—Viscount Palmerston, then Britain's Prime Minister—one of the great ones, Mr. President; Britain has had some great Prime Ministers, and has one now—stated Britain's foreign policy. He did not make the foreign policy of Britain, Mr. President; he simply identified it or stated what it was. He did so in these words:

I hold with respect to alliances—

That is to say, international alliances, Mr. President—

that England is a power sufficiently strong, sufficiently powerful to steer her own course, and not to tie herself as an unnecessary appendage to the policy of any other government.

So Viscount Palmerston continued:

It is a narrow policy to suppose that this country or that is to be marked out as the eternal ally or the perpetual enemy of England.

Then Viscount Palmerston said something upon which we could very well mediate today, when he said:

We [England] have no eternal allies, and we have no perpetual enemies. Our interests are eternal and perpetual, and those interests it is our duty to follow.

BRITISH FOREIGN POLICY NEVER CHANGES

Mr. President, that summation of British policy is as true today as it was then. It is the guideline of British policy, whether the Prime Minister be a Palmerston or a Winston Churchill.

British statesmen serve only Britain's interest. Would that more of our Secretaries of State in recent years had served America's interest with such great conviction.

Mr. President, Britain has had many great Prime Ministers. Through the years they have echoed the creed identified nearly 100 years ago by the great Viscount Palmerston. Winston Churchill was the last to affirm it. It will be remembered by the citizens of the United States that during the closing

months of World War II—in 1945, I believe—Mr. Roosevelt said to Mr. Churchill, "Why do you not relinquish some of your colonies in certain areas, and prevent further disturbance, further trouble?"

Mr. President, few remember what Mr. Roosevelt asked Mr. Churchill, but everyone remembers what Mr. Churchill said to Mr. Roosevelt. What was it? He said:

Mr. President, I did not become the King's First Minister in order to liquidate the British Empire.

He was saying, Mr. President, "You, America, can go with us and protect the colonial-slavery system upon which we have lived for 150 years, or you are an enemy of Great Britain." That is what he said—and we proceeded to guarantee the integrity of their colonial-slavery system throughout the world.

Mr. President, recently we were favored with a visit by Mr. Churchill and Mr. Eden, his understudy. What did they say? As reported by the newspapers, they proposed a mutual-security pact with Russia, a nation that in its entire existence has never kept any pact that proved disadvantageous to her.

As a matter of fact, Mr. President, Russia does not stand alone in that position; no sovereign nation, except the United States, keeps a pact that is disadvantageous to itself. That is the history of all pacts.

What did they propose, Mr. President? They proposed a mutual-security pact with Russia. When we analyze that proposal, what do we find that it would do? It would save Hong Kong and the Malayan States possibly 1 more year for Great Britain; but when Russia got ready to move, she would move. There is now ample evidence of that, and has been for several years; but in the next few months the proof will be before our eyes.

ASIA LOST WHEN CHINA WAS LOST TO COMMUNISTS

Mr. President, we lost Asia when we lost China, and that was done deliberately. It was done by a Secretary of State and his cohorts who discovered that the Chinese Communists were not really Communists; they were agrarian reformers who merely wanted to divide the land; otherwise they were friendly to America. Mr. President, that fiction should remain vivid in the memories of all citizens of the United States.

Mr. President, as evidence that Viscount Palmerston in 1848 knew what he was talking about when he asserted that "England has no eternal enemies and no eternal friendships; she has only eternal interests," and that Britain goes wherever their interests lie, let me state this: In March 1949—time slips away, 5 or 6 years—the junior Senator from Nevada stood on this floor discussing what we then called ECA, or something a little different from the Marshall plan. He put into the RECORD 88 trade treaties the 17 Marshall-plan countries then had with Russia everything it needed to wage war, including tool steel, ball bearings,

with Soviet Russia and its satellites, sell-engines—I need not enumerate further. If anyone is interested he can turn back to the CONGRESSIONAL RECORD of that date and find the details.

FOREIGN TRADE TREATIES WITH RUSSIA

However, I will read briefly from that address on the Senate floor:

There are 88 of these treaties, and 45 of them are designated. I have in my possession 45 of these trade treaties. Forty of the treaties were considered as restricted by the State Department, and I was allowed only to see them in the possession of a State Department official. However, I did peruse enough of the contents to know that they conformed very closely to the ones I am going to put into the RECORD, and that they contained trade agreements covering almost every conceivable manufactured and fabricated article, including locomotives, engines, and electrical equipment, tool steel. Almost everything that can be used in event of war with the United States are included in the treaties which the ECA nations have agreed to send to Russia and the Iron Curtain countries. Three of the treaties, which I do not have in my possession, were called extremely confidential. In other words, the State official held the treaties in his hands while I looked at them.

I do not have the text of the 43 treaties or trade pacts, and I ask unanimous consent to have the list printed in the RECORD at this point for the benefit of the Senate of the United States. I consider it extremely important for the Members of the Senate and the House and the citizens of the United States of America to know what has been accomplished through the use of ECA and Marshall plan money.

Mr. President, as of that date, you will find a list of the 88 trade treaties. Then a few of the treaties, very few of them, were put into the RECORD in detail to show exactly what these nations were selling to the Soviet countries at that moment. And, Mr. President, they are stepping in the trade now, and are very bold about it—they hope to increase it.

REDS PRAISE COEXISTENCE WITH BRITAIN

Mr. President, at this point I wish to read an article from the Washington Star of July 29:

WESTERNERS AT MOSCOW PARTY HEAR TOASTS TO COEXISTENCE

Moscow, July 29.—The Kremlin chiefs uncorked their choicest vodka last night to honor Chinese Premier Chou En-lai and Vietnamese Deputy Premier Pham Van Dong, triumphantly touring homeward from the Geneva Conference.

Toasts by the dozen to peace and coexistence were hoisted at a gala reception given by Soviet Foreign Minister V. M. Molotov for about 1,000 persons, including western diplomats and newsmen.

The get-friendly theme was pitched mainly at British Ambassador William Hayter, who sat at the head table with the guests of honor and top Russian officials.

In a jovial moment toward the end of the party Soviet Communist Party Secretary Nikita S. Khrushchev raised his glass to the British diplomat. "You British don't want to capture Leningrad," Khrushchev said, "and we don't want to take Glasgow."

"Leningrad is a very nice town, prettier than Glasgow," Hayter smilingly replied.

United States Embassy officials passed up their invitation to the big Spridanovka House reception. It arrived just a few hours before the party started. The Americans wouldn't have gone anyway, because the

United States does not recognize Chou's Peiping regime.

Premier Georgi Malenkov topped the guest list of Government leaders, Moscow bigwigs, foreign diplomats, and western correspondents. The Premier was amiable and all smiles, but he offered no toasts.

As the vodka compliments mounted toward half a hundred around the head table, Khrushchev and Internal Trade Minister Anastase I Mikoyan grew especially animated and high spirited.

Even after all the guests rose to leave, Khrushchev kept tipping his glass with the British Ambassador in an exchange heard by newsmen nearby.

"Now, we don't want any war, and we are not afraid of each other," the party chief said.

Linking his arm with Chou's, he added:

"Now, here's a good example of friendship—the Soviet Union and China. That's how we all should be friends."

"I'm the secretary of the Soviet Communist Party," Khrushchev continued, "but in this question of coexistence Prime Minister Churchill, of Great Britain, is in complete agreement with me. Lenin laid down this principle—and very rightly."

The British envoy and Swedish Ambassador Rolf Sohlman, dean of the Moscow diplomatic corps, were the only westerners seated with the ranking Kremlin leaders and guests of honor. The ambassadors of India and Indonesia also had places among the 21 at the head table.

Chou and Dong had stopped over in East Berlin and Warsaw on their way from Geneva. They hit Moscow as Pravda, the Communist Party newspaper, hailed their settlement on Indochina as a great victory for the Soviet Union and the "peace camp" a smashing diplomatic defeat for the United States.

There is nothing more indicative of what is happening to us than that newspaper account.

BRITISH-SOVIET PACTS CITED

Mr. President, the junior Senator from Nevada in March 1949 inserted in the RECORD two mutual security pacts which England had made with Russia, and which France had made with Russia. The complete text of these mutual security pacts will be found in the RECORD of that year.

The pacts include paragraphs reading almost exactly like the paragraphs in the North Atlantic Treaty signed with the United States of America.

Mr. President, these pacts, treaties of alliance and mutual assistance, are between the United Kingdom of Great Britain and northern Ireland, represented by Anthony Eden, His Majesty's Principal Secretary of State for Foreign Affairs, and the Presidium of the Supreme Council of the Union of Soviet Socialist Republics, represented by the People's Commissar for Foreign Affairs, Mr. Vyacheslav Molotov.

Article 7 of the Mutual Security Pact between the two nations states:

Each high contracting party undertakes not to conclude any alliance and not to take part in any coalition directed against the other high contracting party.

This pact still has 8 or 10 years to run, and no indication has ever been voiced to cancel the pact. The same kind of pact was signed in Russia. The same Mr. Molotov signed for the Russia people, and George Bidault, Minister of Foreign Affairs, signed for France.

Article 5 of that mutual security pact states:

The high contracting parties undertake not to conclude any alliance and not to take part in any coalition directed against either of the high contracting parties.

Right on the heels of these pacts, the 88 trade treaties were made.

TRADE PACTS WITH REDS INCREASE TO 96

Without going into detail, in 1950 the junior Senator from Nevada put into the RECORD 96 trade treaties made under the same conditions, many of the 88 trade treaties being renewed or in good standing and new treaties being made.

I send to the desk two amendments, and I ask that No. 2 lie on the table, and that No. 1 be read.

The VICE PRESIDENT. The Secretary will state the amendment.

The CHIEF CLERK. On page 118, it is proposed to strike out lines 7 to 18, inclusive, and to renumber the succeeding sections and references thereto.

The PRESIDING OFFICER (Mr. CRIPPA in the chair). The question is on agreeing to the amendment offered by the Senator from Nevada.

Mr. MALONE. Yesterday the junior Senator from Nevada placed in the RECORD an editorial from the Mining and Contracting Review of Salt Lake City, Utah, written by Mr. Burt B. Brewster. An excerpt from the editorial reads:

As the matter now stands, there is every possibility that our current dependency on foreign sources of supply may be the weak link in our defense that makes it attractive to the Russians to embark on a war on the simple score of a feasible short war.

NATIONAL SECURITY JEOPARDIZED BY DEPENDENCE ON FOREIGN GOODS

Mr. President, the dependency of the United States on foreign shores across major oceans for the materials and minerals without which this Nation cannot fight a war is a very dangerous situation at the moment. Section 412 of the pending bill, which my amendment seeks to strike out, reads:

SEC. 412. Strategic materials: In order to reduce the drain on United States resources and to assure the production of adequate supplies of essential raw materials for the collective defense of the free world, the President is authorized to initiate projects for, and assist in procuring and stimulating increased production of, materials in which deficiencies or potential deficiencies in supply exist in the United States or among nations receiving United States assistance. The unexpended balance of funds made available pursuant to section 514 of the Mutual Security Act of 1951, as amended, is hereby authorized to be continued available for the purpose of this section through June 30, 1955.

What does that mean? It means that Mr. Stassen, who would not know a pound of ore from a bale of hay, is entitled to go into the mining business anywhere in the world, and to continue keeping the United States of America dependent upon these sources for materials without which it cannot fight a war.

I should like to read a brief excerpt from a report that I have before me.

I may say in passing that that is what is the matter with our policy. We are now dependent on India for 900,000 tons of manganese annually. Of course we all know that we could not fight a war

without manganese. We cannot even make a pound of steel without manganese. An hour after the third world war started we would not be able to get a ton of manganese from India. That has been testified to by military strategists who have appeared before the subcommittee of which the junior Senator from Nevada is chairman.

HOW HARRY DEXTER WHITE SHAPED PROCUREMENT POLICIES

This is the report of the minerals, materials, and fuels economic subcommittee of the Committee on Interior and Insular Affairs, which was set up pursuant to Senate Resolution 143. I read from the report submitted to the Senate on July 9 by the subcommittee under Senate Resolution 143. On page 370 we cross the trail of one of our old-time well-wishers. His name is Mr. Harry Dexter White.

Mr. Harry Dexter White was a very prominent official and Assistant to the Secretary of the Treasury. During testimony on the Stockpile Act at hearings before the subcommittee I have referred to, someone brought his name into the picture. The junior Senator from Nevada inquired where we could get more information on this gentleman, and it was said his papers had all been filed supposedly at Princeton University. Therefore the junior Senator from Nevada called the president of Princeton University and asked for his cooperation, and it was assured. He also called the library at Princeton University, and the same assurance was given.

HARRY DEXTER WHITE URGED UNITED STATES GET STRATEGIC METALS FROM RUSSIA

We sent an investigator to Princeton University, and he came back with several papers. Among them was a paper which I shall now read. It was a memorandum obtained from the Princeton University library and files of the Treasury Department. The subject was a proposed loan to the U. S. S. R., the Soviet Union. The memorandum was addressed to Secretary Morgenthau by Mr. Harry Dexter White.

It reads a good deal like a section of the bill that I have just read to the Senate. It says:

HARRY DEXTER WHITE MEMORANDA OBTAINED FROM PRINCETON UNIVERSITY LIBRARY AND FILES OF TREASURY DEPARTMENT

MARCH 7, 1944.

Subject: Proposed United States Loan to the U. S. S. R.

To: Secretary Morgenthau.

From: Mr. White.

The following memorandum is in reference to your request that the feasibility of the extension of a large credit to the U. S. S. R. in exchange for needed strategic raw materials be explored. Your opinion that such an arrangement might well be feasible appears to us to be supported by our study of the possibilities.

1. Recent confidential reports on our raw material resources prepared for the Under Secretary of Interior disclose an increasing dependence of the United States on foreign sources of supply for strategic raw materials because domestic reserves have been seriously diminished or virtually depleted.

2. The following table indicates the extent of United States current reserve supplies for some important strategic materials which can be produced in quantity in

the U. S. S. R., in terms of prewar and current war, domestic requirements:

Then the table, "Reserve domestic supplies," is inserted, I believe, Mr. President, I could say without fear of contradiction that Harry Dexter White's knowledge of reserves of critical materials in this country would be on a par with Mr. Stassen's.

I now ask unanimous consent to have the table inserted in the RECORD at this point.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Reserve domestic supplies

	On basis of our 1938 domestic consumption	On basis of our current consumption 1943
Petroleum.....	16 years' supply.	13 years' supply.
Manganese.....	9 years' supply..	3 years' supply.
Tungsten.....	23 years' supply..	Do.
Zinc.....	17 years' supply..	8 years' supply.
Lead.....	7 years' supply..	6 years' supply.
Chrome.....	No record.....	Less than 1 year's supply.
Mercury.....	3 years' supply..	2 years' supply.

Mr. MALONE. The table reads, Petroleum, 16 years' supply on the basis of our 1938 consumption; then in another column, for 1943, 13 years' supply.

PETROLEUM RESERVES INCREASE

Mr. President, Mr. White wrote this memorandum in 1944. On that basis we should now have 2 years' supply of petroleum. However, as is well known, we have more known petroleum reserves in the United States now than ever before in the history of the Nation. When Mr. White made this statement we had about 20 billion barrels of reserves. Due to some recognition of the necessities, a tax advantage was provided for petroleum producers whereby they could afford to drill a few dry wells to get a good one; and we now have, Mr. President, 35 billion barrels of petroleum in known and proven reserves underground.

My personal opinion is that there are a good many billion barrels more than that amount. Producers do not brag when they talk about reserves, because a tax is fixed along that line.

SHALES ASSURE UNLIMITED OIL SUPPLIES

Mr. President, as the junior Senator from Nevada has been saying for 20 years, 8 years in the United States Senate, we cannot possibly run out of petroleum reserves in the United States of America except by design. Why? Because if we treat our taxpayers half as well as we treat foreigners, we will not run out of the underground petroleum in 50 or 100 years, and probably never; and if we should, we would have 300 billion barrels of oil in oil shale, with a well-known and well-tested formula for taking it out. The pilot plants have been running and are much further along and better established than those which were constructed for the making of synthetic rubber at the beginning of World War II. Gasoline from shale oil may cost another cent or two a gallon; but cost is not an item in time of war.

So we have an almost unlimited supply.

Furthermore, Mr. President, we have a well-tested formula used by a pilot

plant which has been operating, and which has been operating, and which I hope will continue to operate. I hope the Senate will not decide to discontinue its operations. We have a well-tested formula to turn coal reserves into petroleum fuel, and there is 1,000 years' supply of petroleum fuel in the known coal reserves. So, Mr. President, it is impossible to run out of petroleum supply.

Long before this could happen, another fuel we now have—uranium, nuclear energy—will replace much of the known fuel reserves, probably in the foreseeable future.

HEMISPHERE URANIUM SUPPLIES AMPLE

Mr. President, I shall not dwell on the subject of the availability of uranium, but if we treat the taxpayers of the United States of America one-half as well as we treat foreign taxpayers, we will have uranium ore running out of our ears in 2 years in this Nation and in Canada and Mexico. Seven States in the United States of America are producing uranium fuel now. There is apparently no limit, so long as it is profitable to produce it.

Of course, in the day of Mr. White's statement, when it was popular to take the profit out of any business that might be operating at the moment, we could have run out of oil reserves by following the recommendations of the then Secretary of the Interior and the Secretary of the Treasury. We could run out of such reserves by shutting the wells down, because we cannot pay \$15 or \$20 wages here as against 50 cents or 75 cents or \$1 a day wages in the sweatshop nations of the world which are competing with us.

In 1944, the junior Senator from Nevada completed and published a report on the industrial potentials of 11 Western States, and Alaska, the Philippines, and Hawaii. In that report there are several pages on the possibility of uranium production in Colorado and Utah. It has now been brought up to date. There are now seven States producing uranium, and the end is not yet, Mr. President.

We were supposed by Mr. White to have 6 years' supply of lead. With 6 years' supply of lead we would have been out of lead 5 years ago. The only way we can run out of lead in this country, is about the same way we can run out of oil reserves.

We were supposed by Mr. White to have 8 years' supply of zinc. So we would have been out of zinc 2 years ago.

Mr. President, in 1952, several States had millions upon millions of tons of lead and zinc ore. The tariff on zinc was then about 16 cents a pound. That just about made up the difference between the wages and taxes paid in this country and those paid in South Africa and other places where they can produce zinc at wages of 50 cents a day.

HOW BRITAIN PROFITED ON STOCKPILE OUR FOREIGN AID PAID FOR

Through just such a bill as this, we lent or we gave England millions upon millions of dollars to build up a stockpile of lead and zinc produced by the cheap labor in their colonies. Then at an advantageous moment about February or

March a year ago, they suddenly decided to ship to this country supplies of lead and zinc. Of course, it costs hardly anything to ship it here, the tariff is so low. They broke the market for zinc from 16 cents a pound to 10 cents. If they got 8 cents a pound, they were still making money, and they were spending our money.

What did they do? The reduction in the price of zinc from 16 cents to 10 cents a pound turned the millions of tons of our zinc ore into country rock. The only difference between ore and country rock is that ore is mineral aggregate that can be mined at a profit. When the profit is eliminated, the ore turns to country rock. So it is all country rock now, not ore.

So England made a wise move by taking the profit out of mining in this country, through just such a piece of legislation as I am talking about at present, and which now is before the Senate.

WORLD CALLED PROSPEROUS BUT UNEMPLOYMENT GROWS IN THE UNITED STATES

I heard a speech made yesterday in which it was said that the foreign-aid program has caused world prosperity. Mr. President, there is more unemployment in this country today than there has been at any time since World War II, and it will get worse before it gets better. We can count on that, just as long as we keep up this policy.

Mr. Harry Dexter White wanted to go into the world mining business, just as does Mr. Stassen. They both had the same amount of information, but there is this difference: Harry Dexter White was a traitor to his country. Harold Stassen is, in my opinion, one of the most loyal men in the country, but he is misinformed. He wanted to be President, and he has done just anything to keep his name in the newspapers. Now he wants to spend our money all over the world.

Someone, in a conversation a few days ago, suggested that the best thing the United States could do would be to cancel his passport. Then the question arose whether to cancel it when he was out of the country or in the country. It was a question as to which would be better. The matter is still under discussion.

This would be a joke, Mr. President, if it were not so tragic.

DEPENDENCE ON FOREIGN AREAS DANGEROUS

We have honest, loyal men working for this program. At the same time we are being made to depend more and more every day on products being produced and imported from offshore areas, things we need, but which we will not be able to get a pound of when the fighting starts. That is something which might encourage a nation to try to whip us. If we become self-sufficient, which we can be, within the area we can defend, then, in the first go-round of the third world war, nobody will trifle with us. We can make airplanes and other equipment which we know how to make, if we can get sufficient material with which to make them. We do not have it right now.

Paragraph 3 of Mr. White's 1944 memorandum reads:

It is evident from the above table—

That is the table I just read from. Although Mr. White has been buried for some time, he would be very happy to know that today there is a bill before the Senate which provides exactly what he was trying to have done. He stated, referring to his table cited previously:

It is evident from the above table that although our domestic reserves of petroleum, tungsten, and zinc may suffice to meet consumption requirements for the next decade, they will be almost entirely dissipated by the end of that period.

That was in 1944, Mr. President, 10 years ago. We were supposed to have been "out" of these things right now, according to Mr. Harry Dexter White's memorandum.

UNITED STATES RESERVES TODAY GREATER THAN
EVER BEFORE

There is no mineral or material which has ever been mined, and which is produced in this country, but that we have more reserves today than we had before World War II, and all the silly people who have passed in review and have made their marks have predicted that we would be out of these materials by now. It would be laughable, Mr. President, if it were not tragic. Harry Dexter White said that all these materials would be almost entirely dissipated by the end of a 10-year period. That would be today. He wrote his memorandum in March 1944. This is July 1954, 10 years and 3 months later.

Mr. President, we have more of these materials than we ever had in the whole history of the world.

In regard to manganese, chrome, mercury, and lead, our resources, according to Mr. Harry Dexter White, were too limited to satisfy even the probable requirements for the next 10 years. Mr. President, the producers of chromite in Oregon, northern California, Washington, and Montana ought to be very happy about that statement. The largest known deposits of chromite in the United States are in Montana. It is low-grade ore, but there is a mill which is running on it. There is more ore being brought out there than was ever thought would be brought out.

Chromite is a material that occurs in "kidneys," so-called because it is found in deposits. It will be found in one spot, in chromite country, and if one keeps going, he will find another deposit. That is the history of the chromite area all over. It is not something which runs in continuous veins. It is found in Montana in very low grade. But chromite miners know how to mine it. If taxes can be kept down, the chromite miners might be able to make a dime now and then. But they cannot do it now, the way things are being run.

HOW OUR MERCURY MINES WERE CLOSED DOWN

We still have sufficient supplies of mercury. During World War II, I was appointed to be special consultant to the Senate Committee on Military Affairs, which is now the Senate Committee on Armed Services. That was in 1941. I served throughout the war as special consultant to the Committee on Military Affairs, under the Secretary of War, in connection with strategic metals and materials. I wrote a report for the com-

mittee. I also made an examination of and wrote a report about military establishments. I was sent to Dutch Harbor, and made a report on Alaska. Then, in 1943 I went to the South Seas, with General MacArthur.

Mercury was selling at \$60 a flask. Every mercury mine in the United States turned into country rock. When the price goes up to \$250 a flask, a man is in business. When it goes to \$200 or \$170 a flask, he is still in business, even at the wages paid today.

Mr. President, what do you think the price of mercury went to after our mines were shut down? The international price was broken to \$60 a flask, and every mercury mine in America was shut down. Now, after the mercury mines have been closed, and some of them flooded, and after the miners have been scattered, what do you suppose the mercury costs, Mr. President? It costs \$290 a flask, and it is being brought into the United States from an area of the world where it costs about \$40 to produce it. This is in line with the silly idea that the customers and consumers of this Nation will profit by putting our own people out of business.

It is as simple as a gasoline war used to be, when it occurred on opposite corners. When two of the big companies move in, one could get gasoline for about a cent a gallon. But today, after one of the companies has been frozen out, the price is 20 cents or 30 cents a gallon, and the company is getting its money back. The car operator can either pay the price or else store his car.

FOREIGN COMPETITION INCREASES ULTIMATE
COSTS TO UNITED STATES

That is the way it is with the competition we have from the sweatshop labor countries, which are putting us out of business. We are being made to buy from other countries the things we shall have to use in order to fight a war, and the economy is being fixed so that this country is being made dependent on foreign nations. The least one can say is that in the next war some of them will be neutral, and some of them will be against us.

I read further from the Harry Dexter White memorandum of 1944:

The number of strategic materials for which our reserves are very low and which can be produced in the U. S. S. R. is greater than indicated above, and includes platinum, vanadium, graphite, and mica."

Mr. President, if a profit can be made from producing those materials in this country, our laboratories will be working overtime. Out of a laboratory, a year or two ago, there came a process for making mica—flake mica—by grinding poor grade mica, of which we have plenty.

As is said in the laboratories, the tests may not be quite completed, but the artificial flake mica is better, in many instances, than the large flake mica which has been imported.

But there was that silly person, the Assistant Secretary of the Treasury, telling us in 1944 that we should get it from Russia; that we should shut down

our operations, shut our laboratories, our mills, and everything else—and quit.

VANADIUM SUPPLIES AMPLE

He said we would be out of vanadium. Mr. President, I do not think I would be violating any confidence, for it is not generally known, if I say that we have more vanadium already mined and in storage than we could use for a considerable period of time. The vanadium has been produced mostly in Colorado and Utah up to now. Vanadium has a number of indispensable uses, but it is also a substitute for a good many scarce materials.

I think I can tell, Mr. President, why we have come to be entirely "long" on vanadium. Sometimes we will mine a material which it will pay us to mine, and that material is found along with another one. Vanadium is found with uranium, and we are paying a good price for uranium, so we are getting the vanadium at a premium. Mr. Stassen is one of our most loyal Government officials but, like Mr. White, he wants us to become dependent on foreign countries. He wants us to give \$3 billion to those countries, in which laborers receive 50 cents an hour, so that those countries can flood our markets with their products.

I wish to make another comment about this, Mr. President. I do not know what we think we are doing. In 1948 the junior Senator from Nevada had been a Senator only 2 years. He was a freshman, but he made a speech, just the same. This is the third seat I have occupied in this dignified body, this great deliberative body. At each of the other two desks which the junior Senator from Nevada has occupied, and it will be true of this desk before I get through, one will find heel tracks about a quarter inch deep in the hardwood floor, made while he stood and said the same things he is saying today.

EUROPEAN PRODUCTION NOW FAR ABOVE BRIGHT-
EST PREWAR YEARS

Mr. President, I ask unanimous consent to have inserted in the RECORD at this point a table entitled "Index of Industrial Production—Europe—1938 Equals 100."

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Index of industrial production—Europe—
1938 equals 100

	1938	1953	January 1954
Austria.....	100	158	137
Belgium.....	100	137	146
Luxembourg.....	100	153	141
Denmark.....	100	154	148
France.....	100	133	146
Saar.....	100	116	115
Germany.....	100	129	130
Greece.....	100	140	161
Italy.....	100	161	165
Netherlands.....	100	163	172
Norway.....	100	171	176
Sweden.....	100	170	180
Turkey.....	100	232	(1)
United Kingdom.....	100	139	147
Combined Europe.....	100	141	148

¹ No data.

NOTE. In addition the Foreign Operations Administration has an index figure for combined Europe for February 1954, 149, and for March 1954, 152, the base again being 100 for 1938.

Mr. MALONE. Mr. President, what excuse the dignified Members of this body are going to use for voting for the foreign aid bill today is more than the junior Senator from Nevada is able to know, except that they will follow the concept of Mr. Stassen to force us to become dependent on foreign nations for materials without which we cannot fight, and follow unconsciously—and unconsciously is a good word for that agency—Harry Dexter White. Mr. Stassen does not know it, of course.

In 1953 Austria was about 158 percent recovered from World War II. We are assuming in the index that 1938 equals 100. Today Austria is 137 percent recovered.

In 1953 Belgium was recovered 137 percent. She was operating at 98 percent when we gave her money at first. Today she is 146 percent recovered.

BRITISH PRODUCTION BOOMS

Mr. President, I shall not read the figures with regard to all the European nations, but the United Kingdom is 147 percent recovered over 1938. The highest recovery was made by Sweden, which never has entered into a war, as far as the junior Senator from Nevada knows. Sweden has sold goods to both sides. God bless her. More power to her. If we had as much sense as the Swedes, we would be a long way ahead of where we are now. Sweden has recovered 180 percent. That is how much Sweden has recovered since 1938.

FOREIGN AID A WORLDWIDE WPA

Recovery? How can we call it recovery? It is a division of the wealth, the worldwide WPA. That is what it is.

Assuming 1938 to equal 100, combined Europe had recovered 141 percent by 1953, and 148 percent by 1954. So we decide to give those countries \$3.1 billion additional. It will amount to a total of about \$13 billion more, because there is \$9 billion in abeyance, some of it allocated and some of it not allocated.

EUROPEAN RECOVERY NOW 52 PERCENT OVER PREWAR PEAK

Mr. President, that is a crazy thing. It is almost as good as Harry Dexter White's plan.

Mr. President, there is a note at the bottom of the table which I just put into the RECORD, which reads:

In addition, the Foreign Operations Administration has an index figure for combined Europe for February 1954—149, and for March 1954—152, the base again being 100 for 1938.

Mr. President, I read further from Mr. White's 1944 memorandum:

4. Although our reserves of strategic materials could be somewhat expanded, given an increase in price to make possible further development of marginal resources, the necessity of growing United States dependence on foreign sources of supply in order to satisfy anticipated postwar industrial requirements and to maintain adequate security reserves, is inescapable.

MEANING OF "MARGINAL RESERVES" EXPLAINED

Mr. President, do you know what are called "marginal reserves" by those who want to make us dependent on world areas inaccessible to us when a war

starts? They call "marginal reserves" anything that we pay for on the basis of wages of \$15 a day, although it comes from a country where we can get it by paying wages of 50 cents a day. Under those circumstances, they say it is "marginal" for us. Mr. President, will not it be wonderful for us to go home and explain to our constituents that we want to save marginal materials because it costs \$15 a day to produce them in the United States, whereas we can get them from other countries on the basis of wages of 50 cents a day? Would not that be a wonderful day to look forward to? I would not like to do it, but we have been doing it. We can also make automobiles cheaper in such countries, and that is coming, too.

I read further from the memorandum by Mr. White:

U. S. S. R., UNTAPPED RAW MATERIALS RESERVOIR

1. The U. S. S. R. is richly provided with a wide range of strategic raw materials, including metals, minerals, timber, and petroleum, but the unequal degrees to which these have been developed will limit the number and volume that may be available for export in the immediate postwar years.

That is a terrible thing to happen to Russia. Mr. White says Russia is limited because she has not been able to develop her natural resources to the fullest extent.

I read further from the memorandum:

2. Rapid economic reconstruction and expanded resources development could greatly enhance the export surplus of the U. S. S. R., could sustain large scale exports of metal and metallic ores, petroleum, and timber at an average annual value of at least \$500 million, not including exports of other materials such as furs and semimanufactures.

This is getting more interesting, Mr. President—

3. It therefore appears that a financial agreement whereby the United States would extend a credit of \$5 billion to the U. S. S. R. for the purchase of industrial and agricultural products over a 5-year period, to be repaid in full over a 30-year period, chiefly in form of raw material exports, would not only be advantageous to the United States, as well as helpful to the U. S. S. R. but would be within the limits of feasible trade between the two countries, since the amount we would wish to purchase would be in excess of the repayment which the U. S. S. R. would be required to make under the proposed loan terms. (See attachment II for suggested terms of U. S. S. R. repayment for United States credits.)

BRITAIN FOLLOWING WHITE'S PLAN FOR RUSSIAN TRADE

It is the same thing that Great Britain and her empire members are proposing now—full, all-out trade with Russia; and they are doing it. A few minutes ago I inserted in the RECORD a newspaper dispatch showing that they are toasting each other, as well as China.

Mr. President, I read further from the White memorandum:

IS THE PROPOSED FINANCIAL AGREEMENT PRACTICAL AND DESIRABLE?

The proposed financial agreement appears practical because:

1. The prewar restricted pattern of trade should not be used to define the potentials of postwar trade between the United States and U. S. S. R. since both economies have

been fundamentally restructured by the war. In both the United States and U. S. S. R. the accelerated expansion of production capacity and national output which has been achieved during the last 3 years indicates the new and larger dimensions which foreign trade can assume in both economies in the postwar period. (See attachment III for a summary of United States-U. S. S. R. trade relations during the interwar period 1918-38.)

Mr. WELKER. Mr. President, will the Senator from Nevada yield?

Mr. MALONE. I am happy to yield to the distinguished Senator from Idaho.

Mr. WELKER. Has the Senator from Nevada finished his discussion of section 412 of the bill, relating to strategic materials?

AID FUNDS SOUGHT THAT WOULD CONTINUE UNITED STATES DEPENDENCE ON FAR-OFF LANDS

Mr. MALONE. So far, I have been presenting data showing that we are now following the policy of Harry Dexter White, Alger Hiss, and the whole mess of Communist traitors to this Government, and also the policy of the people who were loyal to this Government, but who were convinced by the arguments, and did not look behind the scenes.

We are now suggesting that we appropriate \$3 billion, and also that we make available the unexpended balances, in order to continue to make the United States dependent upon other areas for the things we cannot fight without, and the things we cannot get from abroad when a fight starts.

Mr. WELKER. Mr. President, will the Senator from Nevada yield further to me?

Mr. MALONE. I am happy to yield.

Mr. WELKER. Will the Senator from Nevada be kind enough to state to the Senate—based upon his profound knowledge of mines, minerals, and metals—the effect section 412 of the bill would have upon the domestic mining industry of the United States in the event we spend millions or billions of dollars in the development of mines overseas should a shooting war break out?

Mr. MALONE. If this section of the bill is not deleted, it will mean that mines and mills in the United States will close, just as is occurring today, when many mines and mills have either closed or are on the verge of closing.

Mr. WELKER. Mr. President, will the Senator from Nevada yield further to me?

Mr. MALONE. I am happy to yield to the distinguished Senator from Idaho.

Mr. WELKER. Is it not a fact that in the mining area the Senator from Nevada represents, and which I have the honor in part to represent, and which the distinguished Senator from Wyoming [Mr. CRIPPA], who now occupies the chair, represents, by virtue of the development of mines and minerals and the resources from mines and minerals in foreign countries, we are, in effect, causing the disruption of our domestic mining industry, by the flooding of the mines and the permanent ruination of them, entirely aside from the fact that thousands of people are walking the streets because of this silly dependence on cheap labor and cheap minerals im-

ported, without being subject to tariff, from Bolivia, South Africa, and other countries?

DEFENSE OF UNITED STATES MOST IMPORTANT
ISSUE

Mr. MALONE. The people who are walking the streets as a result of unemployment in these industries, of course, constitute a most important factor.

However, even more important is the defense of the United States. Of course, we now have approximately 141 depressed areas in the United States. So we find that various labor leaders, such as Mr. Walter Reuther, of Detroit, come to Washington and say, "We should now make provision for the unemployed." He is one of the labor leaders who is most influential. I have never met Mr. Reuther; but in Wisconsin, where I made several speeches about the great patriot, Abraham Lincoln—and, Mr. President, if we had several men like Abraham Lincoln right now, it would not hurt anything—I said, "You have a peculiar citizen, down here—a neighbor of yours, in Detroit. If he is able to make the things he is advocating stick, namely, foreign trade right down the line for the American people, with no distinction between the high living standard and high wages in the United States and the lower living standards and lower wages in other countries, the day will come in the not far distant future when he will be riding an English-made Ford down the streets of Detroit, and will be waving to unemployed members of his union, who will be standing on the sidewalks."

Mr. WELKER. Mr. President, will the Senator from Nevada yield further to me?

Mr. MALONE. I am happy to yield.

Mr. WELKER. I think the Senator will agree with me that in the vast area of Coeur d'Alene, in northern Idaho, one of the great mining areas of the world, and in the great State of the Senator from Nevada, in the State of Utah, in the State of Arizona, the small miner is absolutely out of business.

What happens, I want the Senator to tell his colleagues, when a mine is closed down? Would the Senator mind telling them the effect of flooding a mine and whether or not it can ever be rehabilitated?

SMALL MINER BEING FORCED OUT OF BUSINESS

Mr. MALONE. First, I should like to say to the distinguished Senator from Idaho that, perhaps, the small miner is not appreciated. In regard to the location of mining claims, the reason the junior Senator from Nevada has been so opposed to ever changing the method of locating a mining claim and having it belong to the locator as long as he does the assessment work of \$100 a year, is that it is the last resort of a man who, with nothing at all except a sack of beans, or something else he can eat, can prospect, and if he finds an outcrop of ore, he can poke a stick down on it, with a little paper in a tobacco can, and then within 30 days register the location with his county clerk. He does not have to write to anybody in Washington—that is what they are trying to get him to do now—in order to go to work, and if he finds anything there, it belongs to him.

But we put him out of business simply because we took the profit out of anything he might find. So he is gone. Most of the mines are closed down, but some miners are holding on grimly, hanging on at a loss, because when they pull the pumps, that is the end. If they should do that it would cost many times the amount to rehabilitate the mines than it costs to keep the pumps running; and they are just hoping against hope that the Congress of the United States will finally realize that on a national defense basis, if not on a domestic economy basis, will get its feet on the ground and realize that we have a United States of America and a Western Hemisphere, and that Europe and Asia are gone from us.

Mr. WELKER. Mr. President, will the Senator further yield?

Mr. MALONE. I am happy to yield to my distinguished colleague from Idaho.

Mr. WELKER. I have made on the floor of the Senate the remarks I am going to make now so often that I know my colleagues are tired of listening to them.

But does not the distinguished Senator from Nevada know that in the State of Idaho, at Stibnite, Idaho, we have the largest producer of antimony in the United States, which has not operated under a Government loan or handout. I refer to the Bradley Mining Co., an old pioneer firm of the West, which did not look to Washington to get a loan or a subsidy to keep in existence. Does the Senator realize that because of the lack of a proper tariff rate on the imports from Bolivia and the Gold Coast of South Africa, where labor is cheap, and production costs are very low, that mine has not turned a wheel since August 1951?

Does the Senator further realize that at Stibnite, Idaho, as a private enterprise, promoted by family capital, there is the world's finest smelter for antimony? Not only that, but in World War II Stibnite, Idaho, was distinguished because of the production and mining and processing of tungsten and other strategic minerals. It is a ghost town now. Does the Senator agree with me that it is a ghost town because we are spending our money all over the world, trying to keep other people producing and sending materials to the United States, thus depriving our men of work and putting private enterprise out of business?

SENATE COMMITTEE AIDS UNITED STATES MINERS

Mr. MALONE. I will say to my distinguished friend from Idaho that I am aware that, historically, Stibnite was a producer of antimony, one of the most necessary minerals in the prosecution of a war. I am very happy to tell the Senator today that the Senate Finance Committee saw fit in the case of antimony, lead, zinc, and uranium mining, to raise the depletion allowance from 15 percent to 23 percent, which will help the producer, and he will be able to pay wages a little longer; at least it will be an item of some value.

The reason we have petroleum reserves now, and the reason Mr. Ickes never could, despite all his efforts, cause us to run out of petroleum, was that the

oil producers had a 27½-percent depletion allowance.

I even hear some Senators on the floor talk against a depletion allowance, but if we did away with it, we would run out of petroleum in the next 20 years; but we cannot possibly run out of it if we maintain the depletion allowance.

I know the State of Idaho has antimony, lead, zinc, and now uranium has been found there.

Mr. WELKER. That is right; and also monazite. If the Senator will further yield, does he remember that a few years ago India would not agree to give us monazite even though we gave them food in the form of grains to help their starving people?

Mr. MALONE. They thought we were dependent on them for monazite then.

Mr. WELKER. Yes. Within my State we have one of the largest deposits of monazite in the whole United States.

In paying tribute to my distinguished friend and colleague from Nevada, I would say that every person in America could read the most wonderful report I have ever seen from a congressional committee or a subcommittee, the report the distinguished Senator drafted himself, by virtue of his study here. Furthermore, I wish the Senate of the United States and the American people could know what it takes to develop a mine and to produce minerals and metals.

I am often reminded of the great speech I heard the distinguished Senator from Nevada make one time on the floor of the Senate when he accused practically all of us of not knowing anything about mines, minerals, or metals. I think he exempted a few of us from the West who used to handle a pick once in a while. But the distinguished Senator made a classic statement that should have been embarrassing to those who do not know what it takes to develop a strategic mineral or metal.

I think the Senator stated that the Senate of the United States actually seemed to think that all that is necessary to produce a mineral or a metal is to hitch up a team, get into a buckboard, take a hay knife, drive out into the mountains and saw off a few blocks of mineral or metal with the hay knife.

It is time for the American people to learn realities. I am sick and disgusted with the proposition to continue this giveaway program that is eliminating the greatest industry in my State and the Western States. Where would we have to go for minerals, I ask my colleague?

WEALTH OF AMERICA DIVIDED AMONG
PROSPEROUS FOREIGN NATIONS

Mr. MALONE. Mr. President I would say to my distinguished colleague that one becomes sick at heart watching the division of the wealth of the United States of America with nations which, as shown by the table I have already put into the RECORD, have recovered all the way from 140 to 180 percent over the pre-World War II period. So we cannot be providing foreign aid to help them recover. If we are following the Harry Dexter White and the Alger Hiss plans,

designed to make us dependent on foreign nations for the things without which we cannot fight, such as the monazite sands, such as the uranium ore from the Belgian Congo, such as the lead and the zinc from South Africa and other places, such as antimony, such as the tin from the Malayan States, I say to my colleague from Idaho that the unemployment situation will be the least of our troubles, for one of these days Russia or some other nation may decide that by suddenly cutting the United States off from such supplies we can be whipped, just like we whipped Japan.

How did we whip Japan?

Finally we cut off every supply she needed. She could not make anything. Then we got control of the air, and she was whipped. We cut Germany off. That is the way we whipped Germany. She fought two wars with nothing except what she had inside her little nation. It is so small that it could be hidden in Iowa or Nevada, and it could hardly be found unless a prospector happened to run across it.

My heart's blood is in the subcommittee's report. It is not a 10-month report. It is an experience of 30 years. That is what is behind the report. I know every engineer in the United States of America who has any reputation. I know every producer in the United States of America of any reputation. I have worked with the Bureau of Mines for 30 years. I know those men who have spent their lives there. Those men know more about the subject than all the hand-raised economists who have been in the White House during the past 22 years. The trouble with the hand-raised economists is that they learn about economy by reading the books they write.

Mr. PAYNE. Mr. President, will the Senator yield?

Mr. MALONE. I am happy to yield.

Mr. PAYNE. Is it not a fact that manganese is one of the great strategic ores that is needed by the steel industry?

Mr. MALONE. I will say to my friend from Maine that it is impossible to make a pound of steel without manganese.

Mr. PAYNE. Is it not a fact that approximately 90 percent of the manganese that is used in this country must be shipped over long sealanes which could be cut off very rapidly in the event of an all-out conflict?

UNITED STATES OBTAINING 900,000 TONS OF MANGANESE ANNUALLY FROM INDIA

Mr. MALONE. I will say to my distinguished colleague from Maine that we are at the moment importing 900,000 tons of manganese annually from India. The testimony of the great military strategists like Generals Wedemeyer, Bonner Fellers, De Seversky, and that great air general, Carl Spaatz, have testified that 2 hours after a war started we could not get a pound of manganese from abroad.

Mr. PAYNE. I should like to join in the comment made by my distinguished colleague from Idaho [Mr. WELKER] as to the great knowledge and work the distinguished junior Senator from Nevada exhibited in the report prepared by him, which presents very intelligently to the American public and to Congress the

opportunity that is present for the development of many of the natural resources of this country which still remain undeveloped, and the opportunity to go much further than we have in developing American mines and operations for the benefit of American industry and America generally.

I should like to ask my distinguished colleague if he is not aware—and I am sure he is aware—of the fact that in the State of Maine there exists the greatest known deposit of manganese-bearing ore in the entire North American Continent?

Mr. MALONE. The distinguished Senator is exactly right. He will find that deposit described in one of the volumes of the report. There are 10 published volumes of the hearings, and the report is a digest of the hearings.

Mr. PAYNE. In one 5-mile square area, based upon conservative estimates, there are approximately 250 million tons of manganese-bearing ore, which lies there undeveloped because of the fact that we have not been able up until last year to encourage the Federal Government to aid in developing a process by which the so-called low-grade manganese ore could be developed for the use of American industry in time of war and in time of peace.

NATION RICH IN MANGANESE

Mr. MALONE. I will say to my distinguished colleague from Maine that he is just one of many of our colleagues who can turn their glance into their own States to find similar situations. In Maine some important steps could be taken leading to the production of manganese. There is a very feasible process that can be used for manganese. However, we cannot compete with the 50 cents a day labor in the area from which the manganese shipments now come to us.

BUY-FOREIGN POLICY LEADS TO FOREIGN BLACKMAIL

In addition, we have earnest men like Mr. Stassen, who are furnishing millions of dollars to foreign nations to go into such a business. Such men still think that we must get those materials from across the ocean. I cannot quote the great military strategists or the Secretary of State in the testimony they gave before the subcommittee, because those hearings were in executive session. However, I can give what my opinion is, namely, that India is politically unstable, and that the Malayan States are politically unstable, and we can go right down the line of those other countries. Therefore, even without a war, when we become fully dependent on those areas, what do we get? We get blackmail. Of course it is nicely phrased in diplomatic language. These nations say to us, "If you do not see fit to sign this additional agreement"—and we are approving such agreements on this floor every year—"If you do not see fit to do so, it may not be convenient for us to let you continue to ship this material to your great country."

COMMITTEE URGES RETURN TO CONSTITUTION

Therefore we can be blackmailed. We would not have to be blackmailed if we were to do what the distinguished Sen-

ator from Maine suggests. We do not need to furnish Government money to mines to produce in those areas. What we do need, I will say to the distinguished Senator from Maine, is to go back to the Constitution of the United States. Perhaps some of our distinguished colleagues have not read the Constitution lately. I call particular attention to article 1, section 8, and I would ask my colleagues to read that part of the Constitution. We refer to it in the report at page 3.

Recommendation No. 2 of the Minerals, Materials and Fuels Subcommittee report reads:

We recommend that Congress insure that the regulation of foreign trade conforms to the principles thus laid down in article I, section 8, of the Constitution thus assuring the American workers and investors access to American markets.

If the distinguished Senator will turn to section 8 of article I of the Constitution he will read the words:

The Congress shall have power to lay and collect taxes, duties, imposts, and excises.

CONSTITUTION WAIVED IN 1934

We have long called them tariffs and import fees. Section 8 also provides that Congress shall regulate commerce with foreign nations. That is what it says. What did we do in 1934? By a common legislative act we transferred the constitutional responsibility of Congress to the executive branch. Of course it is unconstitutional to do so, but no one has ever had the guts to bring suit, because when anyone gets big enough to bring suit he looks forward to getting contracts from the Government, and of course if one brings a suit he does not get any contracts. Therefore no one can afford to do it. If someone did bring suit, the Supreme Court would have to rule it unconstitutional, because if it were possible to change the Constitution in that way and transfer the responsibilities of the Senate and the House to the President, it would be possible by a simple act of Congress—and it might be done some time—to take away the powers of the Executive and transfer them to the President of the Senate. That is what could be done.

All those powers could be taken from the President of the United States and put in the hands of the President of the Senate, and such an act could be passed over the veto of the President, and he would be left sitting there.

Mr. PAYNE. Mr. President, will the Senator yield?

Mr. MALONE. I am glad to yield to the Senator from Maine.

Mr. PAYNE. I am sure the distinguished Senator from Nevada recognizes the fact that the senior Senator from Maine [Mrs. SMITH], as early as 1938, if my memory serves me correctly, drew to the attention of the Federal Government, through Congress, the great resource of manganese that lies undeveloped in the State of Maine, in the county of Aroostook, which is known as one of the great potato producing areas of the world. Of course, we know that the great State of Idaho is also a great potato producing area. As early as 1948, during the time that I had the privilege of serving my State as Governor, my dis-

tinguished colleague, the senior Senator from Maine, and I endeavored to do everything possible to focus attention upon the manganese deposits, so as to encourage their development in order that we might be at least reasonably self-sustaining in the event of any emergency; not only in the event of an emergency, but for the peaceful uses of our industry, which have a great need for that ore.

Only last year under the present administration was the first bit of recognition given to the fact that there had been developed a process known as the Nossen process. I had the pleasure of working for about 3 years to secure recognition of that process, and presently it holds much promise of being capable of producing the much-needed manganese that can be of great value to this country. I know because of the great study my distinguished colleague, the Senator from Nevada [Mr. MALONE] has put into this overall picture, that he is fully aware of it, and I sincerely hope that he will have a chance to visit the pilot plant in Pater-son, N. J., where the operation is presently going on, and later to visit the deposits which are in the State of Maine.

Mr. MALONE. Mr. President, I would say to the distinguished Senator, the report of the Minerals, Materials, and Fuels Economic Subcommittee, representing a digest of the 10 published volumes of hearings, says, concerning the position of the Western Hemisphere on manganese, that the Western Hemisphere may be made self-sufficient in the production of manganese, so we do not have to go 10,000 miles of 12,000 miles to India and become entirely dependent on that country for something without which you cannot make a pound of steel. The deposit in Maine is very important and is covered in part 1 of the published testimony.

EXPIRATION OF TRADE AGREEMENTS ACT WOULD RESTORE MINING

I would say to the distinguished Senator, he does not need Government money if he would just let this thing run out. Since 1934 we have extended the Trade Agreements Act for 3 years each time until 1952, when we cut it to 2. It expired last year, and we extended it 1 year. This year the junior Senator from Nevada stood here a little while in opposition, but got a few hobnailed tracks in his hide, and it went over until June 12, 1955. Until it runs out and the responsibility automatically comes back to the Tariff Commission, an agent of Congress, Maine or any other State must have Government money. When it comes back to the Tariff Commission, an agent of Congress, with the law as it already is, the tariff will be based on approximately the basis of fair and reasonable competition, meaning at least the difference in the wages and the taxes, considering efficiency, between this country and the chief competitive nation.

You should not have the picture of a great President of the United States sitting in a swivel chair judging personally how much of each industry of the United States—and there are at least 500 such industries—he is going to give to foreign nations and how much he will keep in

this country. It would kill him, too, because people will catch up with this thing.

TRADE ACT DEMISE WOULD BRING MAINE MANGANESE DEVELOPMENT

I only ask that it be done on a principle, and then when it reverts automatically—which it will on midnight of June 12, 1955, unless this Senate does the same nonsensical thing it has done for 22 years—all the President has to do is to serve notice of cancellation on any country with which such a trade agreement has been made. Then you are back in business, I will say to the Senator from Maine [Mr. PAYNE], on an economic basis, and the investors of this Nation can invest in manganese instead of coming down here on their hands and knees and ask some agency for the taxpayers' money to go out and develop the great deposits of manganese in the State of Maine.

Mr. WELKER. Mr. President, would the Senator yield for my final observation?

The PRESIDING OFFICER (Mr. UP-TON in the chair). Does the Senator from Nevada yield to the Senator from Idaho?

Mr. MALONE. I shall be happy to yield.

Mr. WELKER. Mr. President, I see on the floor the distinguished acting minority leader from my neighboring State of Montana. I happen to know he was a hard-rock miner himself, working deep in the bowels of the earth where the heat is tremendous, much greater than in the city of Washington, D. C. I want to ask him and my distinguished colleague from Nevada [Mr. MALONE], who is making such an able presentation to this body, how it feels to a representative of the hard-rock miner when he goes back home to the giant mining areas of our respective States and is asked the simple question, "Senator, what have you done for us? You have put us out of work because you have favored someone thousands and thousands of miles away."

As both of these distinguished Senators well know, once a man is dedicated to hard-rock mining, he has very few places to turn for employment. By virtue of the fact that employment has been cut in all of our areas, our hard-rock miners, in order to support their wives and families, have been forced to go into the woods for seasonal work until the storms come, when they go back home. Some have been forced into agriculture, thinning beets, very minor work. Some of them have the dread disease of silicosis, developed from years of work in the bowels of the earth.

I want to know how happy some of my colleagues are when they go back home, and men who have dedicated their lives to preserving mining in this country and to the dangerous effort of developing mines and to produce minerals and metals, the question, "Why is it, Senator, that you look across the sea for this development, and I go out and I saw wood and I split logs, and when the snows and the rains come I am forced to go back to my little home in the mining camp, and then go down to the Social

Security office or some other hand-out agency and say, 'Here, Uncle Sam, will you kindly give me a check?'"—although the check is so meager that it will feed only about one-half of his family, just tell them, when Senators go home let them tell these men how they feel.

Mr. MALONE. I would say to the Senator from Idaho that the junior Senator from Nevada worked in mines from 1916 and had more mental content than he has with his present job when watching the actions of the most deliberative body in the world, as it is called.

Mr. WELKER. We do deliberate a long time, do we not?

FRANKLIN'S COMMENT ON GOVERNMENT RECALLED

Mr. MALONE. It is according to the definition of "deliberation." "Deliberation" to me would be considering the longtime effect on the Government of our actions here; not a wet finger up trying to figure out how somebody is going to vote in a certain area at a certain particular time, who does not have the evidence which is available to you.

I would say to the distinguished Senator from Idaho that we have a form of government which is the best in the world. I have heard now for 20 years that we have a democratic form of government. I want to say to the distinguished Senator from Idaho that we do not have a democratic form of government. A democratic form of government is one in which everybody votes on every question, like a union shop. We have a democracy which is a theory of government. A democratic form of government is just what I described.

Mr. President, I am happy to say we still have a semblance of the Government that Ben Franklin described when he was called out of Independence Hall in Philadelphia, and was asked, "Mr. Franklin, what have you given us?" He replied—and these are the words as nearly as I can quote them; they are available to everyone—"We have given you a republican, representative form of government, if you can keep it."

That is what he said. We are not doing a very good job in keeping it. I do not mean, when I use those terms, the Democratic Party or the Republican Party, but a republican, representative form of government, as distinguished from a democratic form of government.

The United States is a democracy only in this way: The people elect their governors for terms of 4 or 2 years. They elect Representatives for terms of 2 years. They elect Senators for terms of 6 years.

NEVADA'S WISHES FOLLOWED

I was first elected to the Senate in 1946 and reelected in 1952. My conception of why I was elected is that the people of Nevada said, "You go to Washington and spend your full time listening to debate, investigating the issues, and observing what is being done."

Mr. President, I have been in every Asiatic country, I believe, except Russia. I have been in all the European countries since I was elected. The first time I was in Europe was with the Army in 1917 and 1918.

I have tried to do as the people of Nevada have directed me to do. I have cast

my vote on the Senate floor many times against what, at that moment, the majority of the people of Nevada favored. I am certain of that. But when I have finished, I have gone home, and I have spoken wherever I may have been invited. I have visited as many places as I could. I know the people who have fought in three wars. I have visited their posts and other places where I have been invited to speak. I have told them how I have voted, and why. I shall continue to do that.

I am not concerned today what a popular vote in Nevada would disclose with respect to the bill. I want the people to understand what the bill means; and they are going to understand it, if I can keep my health.

Mr. WELKER. Mr. President, I wish to thank my colleague and friend, the distinguished junior Senator from Nevada. I want him to know that the people of Idaho appreciate his untiring efforts in this matter, and his great devotion to the metal and mineral industries of the West and the East. I thank the Senator. I am sorry to have interrupted him.

Mr. MALONE. I thank the Senator for his interruption, and I welcome it.

ALL UNITED STATES PRODUCTION AFFECTED BY FOREIGN AID

My discussion is not confined to minerals. It relates to the entire production of the United States of America, based on the standard of living of America, not on the standard of living of South Africa, where 40 cents a day is a high wage for the natives, if they are paid that much; not on the standard of living in England, where 43 cents an hour is a high wage for the same work for which, in America, \$2 or \$1.80 is paid; not on the standard of living in Australia; not on the standard of living in Japan, where labor is paid 15 cents an hour for the same type of work but not the same quality of work which the wonderfully precise American workmen can turn out.

I am speaking on behalf of the working men of America and the investors of America, who are much the same people, when the question is analyzed, and who are entitled to their high standard of living. They are entitled to have Congress do exactly what the Constitution says it should do: To fix the duties, imposts, and excises. For 170 years the United States has had a policy of making up the difference, roughly, between the wages and the taxes in this country, and those in the chief foreign competitive nations, so that the working men and investors of the United States will be able to have an even break and equal access to their own markets. They do not seek an advantage; they merely ask for equal access to the markets.

Then we will not have a Senator or a Representative from Maine saying, "We cannot produce a certain article, unless we can get Government money with which to stay in business."

COMMITTEE RECOMMENDATIONS CITED

I appreciate the questions which have been asked.

I wish to say that there are several recommendations in the report on matters which were brought into the debate

by the distinguished Senator from Idaho. I shall read the first recommendation, but first I should say, for the purpose of the RECORD, that Senate Resolution 143 is a report of the Minerals, Materials, and Fuels Economic Subcommittee of the Committee on Interior and Insular Affairs, of the 83d Congress. To this subcommittee was assigned the task of investigating and reporting to the Senate of the United States the accessibility of critical materials needed in time of war, and needed for our expanding economy. There are 77 such materials officially listed. So we say in the committee's recommendations:

The availability of critical and strategic materials are vital to military security and to an expanding domestic economy. National survival in time of war depends on ample and uninterrupted supplies of the 77 such materials included in the report.

I may say that in the first recommendation the reason for referring to the Western Hemisphere is that the testimony of the great military strategists, whom I have already named, indicated that the only reliable source of supply, in the first go-round of a third world war, would be the Western Hemisphere. I am not a military strategist myself, but I take that statement literally. Therefore, the subcommittee made investigations within the entire Western Hemisphere. The reasons why that is true are laid down in the report.

HEMISPHERE COOPERATION URGED

The first recommendation is as follows:

We recommend the closest cooperation among the nations of the Western Hemisphere, which is the only dependable source of the necessary critical materials in time of war.

This does not mean in India, the Malay States, or South Africa. Those regions will not be available to us. If we are made dependent upon the empire nations of the earth, which control 50 percent of the area in colonial slavery, then we shall have signed agreements which will bind us, and we shall have no choice.

I read further from the first recommendation:

This area can be defended and can be made self-sufficient in the production of such materials. We recommend that the spirit of the 130-year-old Monroe Doctrine prevail in our relations with the nations of the Western Hemisphere.

The next recommendation is that Congress act according to the Constitution of the United States. This means what?

2. We recommend that Congress insure that the regulation of foreign trade conforms to the principles thus laid down in article I, section 8, of the Constitution, thus assuring the American workers and investors access to American markets.

GIVE UNITED STATES WORKINGMEN ACCESS TO OUR OWN MARKETS

This principle is still good enough for the junior Senator from Nevada. It simply means that the workingmen and investors of America shall be given access to their own markets.

The next recommendation is as follows:

3. We recommend eliminating our Nation's present dependency upon remote and possibly unfriendly or neutral areas of the world

for the critical materials without which we cannot conduct a war.

That does not mean that the United States should not trade with other nations in peacetime on a basis of fair and reasonable competition. We should do that. But such nations would be on notice that they could not blackmail the United States into making further agreements which were inimical to the interests of the United States, and they could not get the sly idea that by suddenly cutting off those sources, they could destroy the United States of America.

WHY UNITED STATES MINES ARE CLOSED

I was very much interested in the question asked by the junior Senator from Idaho [Mr. WELKER] with respect to the self-sufficiency of the United States. The report states, on page 43, that the Western Hemisphere can be self-sufficient in the production of antimony. Our own present position, as the Senator from Idaho has described it, is that the United States mines are closed because they are unable to compete with the low-cost sweatshop labor of the world.

The only thing which will put private money back into the antimony business is exactly what I have already stated—an even break for the investors in their own markets. Give the foreigners and the foreign nations equal access to our markets, but give them no advantage. Can American producers and investors get an advantage in foreign markets? No, they cannot get it. The rates of the British Empire are rates which favor the Empire; they do not favor the United States of America.

The same with the French Empire. The same with the Netherlands. The same with Belgium.

In the matter of manganese, the Western Hemisphere can be made self-sufficient in the production of manganese. The report names the areas in this country where manganese could be produced. Minnesota could be a great producer of manganese. Minnesota is known to have an estimated 10 million to 25 million tons of metallic manganese contained in 500 million tons of manganeseiferous slate and associated material. But that material cannot be mined with the \$12 to \$15 a day labor which is paid in the United States, and when the taxes which are paid in this country are considered, as against the sweat-shop wages paid to labor and the lower taxes existing in competitive countries.

RUSSIA'S STATE-CONTROLLED ECONOMY

Mr. President, I have strayed a long way from the memorandum of Harry Dexter White, who was Assistant Treasurer of the United States to Mr. Morgenthau, the Treasurer of the United States.

To return to it, I refer again to the White memorandum and its reference to his proposed financial agreement with Russia. We note the following language:

Since the U. S. S. R. has completely state-controlled economy, the extent and character of its surpluses and deficits—that is, imports and exports—are largely determined by planning decisions covering the allocation of manpower, materials, and equipment, it will be possible for the United States to influence the Soviet pattern of anticipated national surpluses and deficits.

Instead of we influencing the U. S. S. R. she influenced us. We are now allocating the manpower and the money right here in Washington, and we know just as much about it as does my little grandson, who was 4 years old in March.

The memorandum goes as follows:

If the United States trade plans are premised on an expanded volume of trade and a correlative increase of United States import requirements, the expansion of trade between the United States and U. S. S. R. need not necessarily involve a reduction in total United States imports from other areas.

Mr. President, what I have just read is reproduced on page 372 of the committee report to which I previously referred. The report was submitted to the Senate on July 9, 1954, pursuant to Senate Resolution 143.

The memorandum reads like a crazy man talks, and a crazy man was talking, but we are still crazy enough to follow it.

I call further attention to the memorandum which the Secretary of the Treasury, Mr. Morgenthau, sent to the President of the United States, wherein he recommended the same thing to the President of the United States that Mr. White recommended to the Treasurer.

Mr. Morgenthau stated in the memorandum:

I suggest consideration be given to a financial arrangement with the U. S. S. R. to provide her with \$10 billion credits for the purchase of reconstruction goods in the United States, with provision for repayment to us chiefly in strategic raw materials in short supply in the United States.

WHITE MEMO INFLUENCED POLICY

Then he included the same table in the memorandum to the President of the United States that Harry Dexter White had included in his memorandum to the Secretary of the Treasury. The memorandum included other tables, Mr. President, with sufficient proof, so the President thought, to him that the plan should be followed, and that we were running out of those materials, and that they were not available elsewhere in areas we could defend in time of war.

So on July 23, 1946, when the President of the United States signed the stockpile bill, this is what he said, as contained in a release to the American public, which is reproduced on page 376 of the committee report:

I have today signed the Strategic and Critical Materials Stockpiling Act because it is important to the national interest that this Government have the power to acquire stockpiles.

It is only because—

Mr. President, I emphasize this part of the release—

of the overriding importance of this purpose that I am able to overcome my reluctance to signing a bill which reaffirms the application to stockpile purchases of the provisions of title III of the act of March 3, 1933 (47 Stat. 1520), known as the Buy American Act. Those provisions will not only materially increase the cost of the proposed stockpiles but will tend to defeat the conservation and strategic objectives of the bill by further depleting our already inadequate underground reserves of strategic materials.

The release goes on to reaffirm what Harry Dexter White, as assistant to the

Treasurer of the United States, told the Treasurer in a memorandum, which was repeated by the Treasurer of the United States in a memorandum to the President of the United States.

PRESIDENT TRUMAN PATRIOTIC BUT MISLED

At this point, Mr. President, I want to say that I believe Harry Truman, who was President at that time, is and was a patriot. He took a field artillery battalion to France in 1917, just as the junior Senator from Nevada did, and I believe Mr. Truman would lay down his life for the American people. But he did not know. All he knew was what he was told by the Treasurer of the United States, who told the then President we must conserve these materials and buy them from Russia and other foreign countries, located across major oceans, materials which would not be available to us in time of war.

Mr. President, I continue reading from the press release to the American people at that time, which laid down the policy of the administration, because he then said:

Furthermore, there can be a serious conflict between those provisions and the foreign economic policy which this Government is actively pursuing.

That is what the President said at that time to the American people. In other words, the Stockpile Act was supposed to favor the American people 25 percent, which does not represent the difference in costs of production in this country and costs in foreign countries, when wages and taxes in effect are considered in the cost of production. The President said it was against the policy that the administration was actively pursuing. I wish to say for the RECORD that we are still actively pursuing the same policy.

I shall not read further, Mr. President, but the memorandum of the President is found on page 376 of the report.

ALPHABET CHANGES OF FOREIGN AID AGAINST DESIRE TO CONFUSE

Mr. President, I wish to put into the RECORD at this time another great program proposed by the head of the Foreign Operations Administration. We started out with an organization called UNRRA. Then we proceeded under the Marshall plan. Then we had the ECA. Then we had MSA. Now it is FOA. It is confusing, and it was meant to be so. But the same objective is involved—the division of the wealth of the taxpayers and citizens of the United States of America with the other nations of the world. The objective is not recovery for those nations. The junior Senator from Nevada, during his remarks, put into the RECORD a table that shows recovery of from 140 percent to 180 percent after World War II. What do we call recovery? It is asserted that we are buying countries so they do not go communistic. It is asserted that those countries will go communistic if we do not divide our wealth with them. I wish to say at this point, and I shall have more to say about it at some time in the future, the objective of certain nations is to divide the wealth of the United States so that we will all live alike.

Mr. President, we who live in a Nation with a high standard of living cannot be in favor of free trade and be opposed to unrestricted immigration; and unrestricted immigration is coming next.

NEW WORLD MANKIND'S HOPE

Mr. President, at this point I wish to say that we have the last New World on the entire globe. Our ancestors came to this New World some 250 or 300 years ago because they could not make a living in Europe; and Europe is still in that situation. In the Western Hemisphere we have one-third of the land surface of the world and 15 percent of the population, or a total population of approximately 340 million. That population could be trebled, and still could be supported in the Western Hemisphere. We have the New World.

What about Asia and Europe? The Eastern Hemisphere includes Asia, Europe, and Africa. If we pass over Africa for the moment, and consider Asia and old Europe, we find that they have 39 percent of the land area, and approximately 77 percent of the population.

On the face of things, we know what the trouble is—namely, overpopulation. Experience shows that there is nothing to do about that except what has been done for more than 2,000 years, namely, almost continual war.

STASSEN'S AND DULLES' FONDNESS FOR PACTS

So Mr. Stassen and Mr. Dulles go all over the world. Every time Mr. Dulles finds two or more people together, he signs a pact to protect them. Every time Mr. Stassen finds two or more people together, he agrees to help them, just so long as they live outside the United States.

Mr. President, throughout the history of the United States, immigration has constantly increased our population. From the point of view of population, the countries of the Western Hemisphere are the only remaining lands of opportunity in the world, except for Africa. In Africa, only three countries are not based upon the colonial slavery system. Those countries are Egypt, Liberia, and Ethiopia. All the rest of Africa is divided between the empire-minded nations of Europe; and we did our part to hold Africa under their power.

Mr. President, today the colonial system in the world is as dead as Julius Caesar. Never again will a dime be made from the colonial slavery system, because all the people of the world have access to radios and, for the most part, access to transportation by airplane. So they know what is going on. Even the people in the jungles of the Malayan States can listen to radios. I have been in the Malayan States; I have seen that area.

Mr. President, under the Atlantic pact we guaranteed the integrity of the colonial system throughout the world. So we sent material to China, and now the Communists have it. We sent material to Indochina and now the Communists have it. The Communists also will have any material we send to Europe, once an all-out war starts; the Communists will have any material we send

anywhere outside the Western Hemisphere.

We sent both material and money to Indochina—and for what purpose, Mr. President? Now the treaty is signed; the money is gone and we have lost the material.

The great United States of America was the first country to break away from the colonial system—in 1776. But now we have agreed to hold all other nations under the colonial system; we have agreed to maintain the world status quo. So we were giving the Indochinese a choice between what? A choice between communism or continued colonial slavery under the French.

FOA FINANCING COLLEGE PROJECTS IN FAR-OFF LANDS

Mr. President, I hold in my hand a list of colleges and universities in the United States, reading like a select list of colleges and universities. It includes Georgetown University; Wyoming University; Oklahoma A & M, which fre-

quently gets into the news, with one of the best football teams in the Nation; the University of Illinois; the University of Wisconsin; Brigham Young University; Syracuse University; Cornell University; Massachusetts Institute of Technology, one of the great institutes of technology in all the world; Pennsylvania State College; Purdue University; the University of Iowa; the University of Michigan; Leland Standord University, a great university in California; Washington University, of St. Louis; Michigan State College; the University of Arkansas; Harvard University; and numerous others. These universities and colleges have received gifts running from a few thousand dollars to over a million dollars—and for what purpose? To send some of their personnel into foreign countries to teach the people of those countries something about increasing their production; that is the purpose, for the most part.

Mr. President, where did that idea originate? Did it originate in the Congress of the United States? Does the Congress understand what we are spending our money for, in making contracts with these universities? For example, Wyoming University is given \$115,000, and, in that connection I read from the description of the nature of the work:

To develop and participate in training programs of the Government of Afghanistan in agriculture, engineering, education, and other fields, providing technicians and \$15,000 worth of equipment.

COLLEGE OVERSEAS CONTRACTS LISTED

Mr. President, I ask unanimous consent to have this list of colleges and universities, together with the amounts of the appropriations and the statement of the purpose and the location of the work, printed at this point in the RECORD, as a part of my remarks.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

PART III.—J. List of FOA-financed technical cooperation contracts with universities—Now in operation in cooperating countries

Region and country (1)	Contractor (2)	Nature of work (3)	Dollar amount (adjusted for amendment) (4)
Europe: Yugoslavia.....	Georgetown University.....	Assist Ljubana, Sarajevo, Skopje, and Novi Sad Universities to establish and conduct English-language training at these institutions.	\$106,000
	do.....	Assistance in establishing and conducting English-language training institutes at Beograd and Zagreb Universities.	80,000
Near East, South Asia, and Africa:			
Afghanistan.....	Wyoming University.....	To develop and participate in training programs of the Government of Afghanistan in agriculture, engineering, education, and other fields, providing technicians and \$15,000 worth of equipment.	115,000
Ethiopia.....	Oklahoma A and M.....	To establish and develop an agricultural and mechanical arts college of Ethiopia, and secondary level vocational schools in agriculture and mechanical arts, etc.	885,368
India.....	University of Illinois.....	Assistance in strengthening and expanding teaching facilities at Allahabad Agriculture Institute.	220,000
	University of Wisconsin.....	Assistance to Bengal Engineering College, Indian Institute of Science, and others in strengthening and expanding teaching facilities in engineering and related fields, providing faculty and equipment to an approximate value of \$72,000.	680,000
	University of Illinois.....	Assistance to India Institute of Technology at Kharagpur in improving, strengthening, and expanding the program in engineering and related fields.	450,000
Iran.....	Brigham Young University.....	To assist Rural Development Board of Iran in improving secondary education system.	469,235
	University of Syracuse.....	To assist Government of Iran National Teacher Training School in information and education on audiovisual-aid techniques, to inform people of easier, more efficient methods of food production and health maintenance.	1,020,742
	Utah State Agricultural College.....	Assistance to Rural Development Board of Iran in tying agriculture into rural development program.	611,072
	University of Utah.....	Assistance to Rural Development Board of Iran in providing technical advice and assistance to Iran communities in food and health improvement.	438,000
Iraq.....	University of Arizona.....	Assistance to Government of Iraq to develop Abu Ghraib Agricultural College toward university level. Includes approximately \$25,000 demonstrating equipment.	155,000
	Bradley University.....	Assistance to Government of Iraq Ministry of Education to establish and develop technical institute to teach trades, such as auto mechanics, carpentry, machinery, electricity, graphic arts, etc.	250,000
Liberia.....	Cornell University.....	To assist Joint Commission of Liberia in codification of present laws, and training of Liberians in use of codification system and to keep law up to date in systematic method as new laws are enacted.	62,000
Turkey.....	Georgetown University.....	To establish a training program for teachers who teach English at the Ankara Institute of Turkey.	64,500
Near East: Regional.....	American University of Beirut.....	To conduct 2 summer institutes of 8 weeks each to train teachers from Near East, South Asia, and African countries in both rural and urban elementary education teaching methods.	40,000
	do.....	To establish, plan, direct, and administer regional school of agriculture for the Near East at college level at American University of Beirut.	116,000
	do.....	To train 260 students per year from Near East, South Asian, and African countries at undergraduate level in agriculture, education, engineering, public administration, etc., and to improve teaching in these respective fields. In addition to faculty, approximate value of supplies and equipment, \$180,000, and faculty scholarships in United States to \$30,000, are included.	612,636
	do.....	To strengthen and extend department of preventive medicine and public health in school of medicine at American University of Beirut. Amount includes \$30,000 for 6 faculty scholarships in United States, supplies and equipment to \$245,000, and additional faculty.	436,920
	do.....	To train approximately 200 Middle Eastern and African trainees to become technicians in fields of public health, agriculture, public administration, and engineering.	686,000
Far East:			
Burma.....	Cornell University.....	Assistance to Government of Burma Ministry of National Planning in fuller utilization of aerial photography in economic development activities.	\$100,000
	Massachusetts Institute of Technology.....	Assistance in rehabilitation and expansion of engineering teaching and research at University of Rangoon.	100,000
China (Formosa).....	Pennsylvania State.....	Assistance in establishment of department of industrial education for training vocational teachers at Taiwan Teachers College.	75,000
	Purdue University.....	Assistance in strengthening education-engineering at Taiwan College of Engineering.	250,000

PART III.—J. List of FOA-financed technical cooperation contracts with universities—Now in operation in cooperating countries—Con.

Region and country (1)	Contractor (2)	Nature of work (3)	Dollar amount (adjusted for amendment) (4)
Far East—Continued			
Philippines.....	Cornell University.....	Assist in rehabilitation and expansion of College of Agriculture of University of Philippines, and advice and assistance with teaching, research, etc.	\$250,500
	University of Iowa, Iowa Institute of Hydraulic Research.....	Assist in establishing a hydraulics laboratory at University of Philippines.....	9,000
	University of Michigan.....	Assistance in establishing and developing Institute of Public Administration at University of Philippines.	515,000
	Stanford University.....	Assistance in improving Colleges of Engineering, Education, and Business Administration, and improvement of libraries and laboratories generally at University of Philippines.	500,000
Thailand.....	Washington University of St. Louis.....	Assistance in improvement of medical and nursing education at Siriraj Medical and Nursing School and Chulalongkorn Hospital Medical and Nursing School.	275,000
Latin America:			
Brazil.....	Michigan State College of Agriculture and Applied Sciences.....	Assistance to University of Sao Paulo and the Getulio Vargas Foundation in Business Administration.	193,916
	Purdue University.....	Assistance to Rural University of Minas Gerais for Agriculture and Home Economics.	88,600
Colombia.....	Michigan State College of Agriculture and Applied Sciences.....	Assistance to 2 schools of the National University of Colombia in agriculture, forestry, and related fields.	413,000
Panama.....	University of Arkansas.....	Assistance to the National Institute of Agriculture and Home Economics of Panama.	444,000
Peru.....	Harvard University.....	Assistance to field party of the Institute of Inter-American Affairs in Peru, Division of Health, Welfare, and Housing in field of health—nutrition.	17,000

K. List of FOA-financed technical cooperation contracts with universities—Planned or in negotiation

Region and country (1)	Contractor (2)	Nature of work (3)	Estimated dollar amount (4)
Near East, South Asia, and Africa:			
Afghanistan.....	Teachers College, Columbia University.....	Education.....	(1)
British Somaliland.....	Not available.....	Agriculture.....	(1)
Egypt.....	do.....	Public health and agriculture.....	(1)
Iran.....	do.....	Public administration.....	(1)
Israel.....	University of the State of New York Agricultural and Technical Institute.....	Agriculture.....	(1)
Libya.....	Not available.....	Agriculture and education.....	(1)
Pakistan.....	Washington State College.....	Agriculture, engineering, public administration.....	(1)
	Colorado A. and M.....	do.....	(1)
	Texas A. and M.....	Agriculture, engineering, education, business administration.....	(1)
	Not available.....	Public health.....	(1)
	University of Pennsylvania, Wharton School of Business Administration.....	Public administration.....	(1)
Turkey.....	Not available.....	Veterinary medicine, medicine, mining.....	(1)
Far East:			
China (Formosa).....	do.....	Agriculture.....	(1)
Indochina.....	do.....	Vocational agriculture.....	(1)
Indonesia.....	University of California.....	Medicine.....	(1)
	Tuskegee Institute.....	Vocational education.....	(1)
Korea.....	University of Minnesota.....	Agriculture, medicine, engineering, public administration.....	(1)
	California Polytechnic College.....	Vocational education.....	(1)
Thailand.....	Oregon State College.....	Agriculture, education.....	(1)
	Not available.....	Engineering.....	(1)
	Indiana University.....	Public administration.....	(1)
Indonesia.....	Tuskegee Institute.....	Vocational education.....	(1)
Latin America:			
Bolivia.....	Not available.....	Business administration.....	(1)
Brazil.....	do.....	Engineering.....	(1)
British Guiana.....	University of Maryland.....	Agriculture and engineering.....	(1)
Chile.....	Not available.....	Business administration and medicine.....	(1)
Colombia.....	do.....	Medical education.....	(1)
Costa Rica.....	University of Florida.....	Agriculture.....	(1)
Nicaragua.....	Not available.....	Rural education.....	(1)
Dominican Republic.....	do.....	Medical education, agriculture.....	(1)
Ecuador.....	do.....	Rural education.....	(1)
Haiti.....	do.....	Vocational education.....	(1)
Mexico.....	University of Michigan.....	Agriculture.....	(1)
Panama.....	Texas A. and M.....	Rural education.....	(1)
Paraguay.....	Not available.....	Agriculture.....	(1)
Uruguay.....	do.....	Public administration, medicine, and agriculture.....	(1)

1 Not available.

SECTION 412 ASSAILED

Mr. MALONE. Mr. President, I wish to call up my amendment No. 1, which calls for eliminating section 412, on page 118, of House bill 9678. The title of the bill is "To promote the security and foreign policy of the United States," and so forth.

However, that section would promote our destruction; it would promote our dependence upon strategic and critical minerals and materials from areas that

will not be available within hours after world war III begins.

Mr. President, I offer the amendment, send it to the desk, and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 118, it is proposed to strike out lines 7 to 18, inclusive, and to renumber succeeding sections and references thereto.

The PRESIDING OFFICER. The

question is on agreeing to the amendment of the Senator from Nevada.

Mr. MALONE. Mr. President, let me say that I have a second amendment to offer. I wish to offer it immediately after the vote is taken on the amendment I have just sent to the desk.

Mr. KNOWLAND. Mr. President—

The PRESIDING OFFICER. Has the Senator from Nevada yielded the floor?

Mr. MALONE. I have yielded the floor

merely in order to have a vote taken on the amendment; that is all.

Mr. KNOWLAND. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Alken	Gillette	Maybank
Anderson	Goldwater	McCarran
Barrett	Gore	Millikin
Beall	Green	Monroney
Bennett	Hayden	Morse
Bowring	Hendrickson	Mundt
Bricker	Hennings	Murray
Bridges	Hickenlooper	Neely
Burke	Hill	Pastore
Bush	Holland	Payne
Butler	Humphrey	Potter
Byrd	Ives	Purtell
Carlson	Jackson	Reynolds
Case	Jenner	Robertson
Chavez	Johnson, Colo.	Saltonstall
Clements	Johnson, Tex.	Schoeppel
Cooper	Johnston, S. C.	Smathers
Cordon	Kennedy	Smith, Maine
Crippa	Kerr	Smith, N. J.
Dirksen	Kilgore	Sparkman
Douglas	Knowland	Stennis
Duff	Kuchel	Symington
Dworshak	Langer	Thye
Ellender	Lehman	Upton
Ervin	Lennon	Watkins
Ferguson	Long	Welker
Flanders	Magnuson	Wiley
Frear	Malone	Williams
Fulbright	Mansfield	Young
George	Martin	

Mr. SALTONSTALL. I announce that the Senator from Indiana [Mr. CAPEHART] is absent by leave of the Senate. The Senator from Wisconsin [Mr. McCARTHY] is necessarily absent.

Mr. CLEMENTS. I announce that the Senator from Texas [Mr. DANIEL], the Senator from Mississippi [Mr. EASTLAND], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Arkansas [Mr. McCLELLAN], and the Senator from Georgia [Mr. RUSSELL] are absent on official business.

The PRESIDING OFFICER. A quorum is present.

Mr. KNOWLAND. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. KNOWLAND. Will the Chair state the pending question?

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Nevada [Mr. MALONE].

Mr. KNOWLAND. May we have the amendment read for the information of the Senate?

The PRESIDING OFFICER. The clerk will read the amendment.

The CHIEF CLERK. On page 118 it is proposed to strike out lines 7 to 18, inclusive, and to renumber the succeeding sections and references thereto.

SECTION 412—TAKE STASSEN OUT OF THE MINING BUSINESS

Mr. MALONE. Mr. President, just a word of explanation for the benefit of the Senators who were not on the floor during the debate. Under section 412 of page 118 of the bill, funds are reallocated to Mr. Stassen to go into the mineral and fuel-production business throughout the world. During time of war it would be impossible to reach the mines and fuels that he would develop, if he does develop any—and, of course, he

knows nothing about developing mines—and they would not, in any case, be available during a war. The provision would help keep us dependent upon foreign nations for the critical materials without which we could not fight a war, just as was recommended by Harry Dexter White and Secretary Morgenthau to Mr. Truman, and it is in accordance with Mr. Truman's statement to the public at that time. Of course, Mr. Truman did not understand the buildup behind it.

Therefore, in the amendment I ask that section 412 be stricken out. Certainly, even if any mines need development, Mr. Stassen is not the man to do the job.

Mr. DOUGLAS. Mr. President, I rise to inquire whether I may address an inquiry either to the distinguished majority leader or to the very eminent chairman of the Committee on Foreign Relations, namely, has the amendment of the distinguished Senator from Nevada been approved by the White House and by the administration? Before I request an answer to that question, I may say that the proposal of the eminent Senator from Nevada, aiming to stimulate American mining, naturally makes an appeal to all of us. However, this is in a field in which the Senator from Illinois is not himself particularly competent, because he does not know the relative productive possibilities of the potential mines which can be developed in this country, and he would like expert advice on those questions. I am sure the White House and the administration have studied the issue, and their judgment would be at least persuasive.

I should like to say further that I and my colleagues have frequently been placed in the somewhat embarrassing position of being compelled to dive into the water and to rescue legislation babies whom we believed belonged to the administration, only to find, when we had saved the infants and brought them safely to shore, that spokesmen for the administration denied they were its babies at all, and instead promptly proceeded to heap abuse upon the rescuers.

Therefore, before I vote on this amendment I should like to know from the distinguished majority leader or from the eminent chairman of the Committee on Foreign Relations just what the attitude of the White House is on the amendment.

Mr. KNOWLAND. I will say to the distinguished Senator from Illinois that, in the first place, the particular section which the Senator from Nevada seeks to strike out is only permissive in character. In the second place, it is not new language which has been put into the bill by the administration. It is language which has been carried over from legislation proposed by the former administration. It was contained in the ECA Act and in a number of acts since 1951. Thirdly, I wish to say to the distinguished Senator from Illinois that the section is not, as I pointed out, mandatory, but permissive. The administration feels that this particular section is desirable. Obviously it is intended to meet situations in which we do not have

an adequate supply domestically of strategic materials. I am quite certain that no administration would seek either to destroy or harm our own mining industry or would propose to bring in outside strategic materials if it were not essential to the national defense.

Mr. DOUGLAS. May I say to my good friend from California that while he has dealt with this subject in a somewhat elliptical way, he has not yet given me the head-on assurance which I requested, namely, how does the administration feel about the amendment proposed by the Senator from Nevada?

Mr. KNOWLAND. I will say to the Senator that they believe that section 412 should be in the bill, which in and of itself means that they would not favor striking it out.

Mr. DOUGLAS. Is the Senator speaking only for himself or is he also speaking for 1600 Pennsylvania Avenue?

Mr. KNOWLAND. The Senator will have to take my word for it that that is my understanding of the position of the administration, which is recommending the legislation before us, and it is the position of the committee which has reported the bill.

Mr. DOUGLAS. In other words, the Senator from California assures me that this is an authentic, legitimate child, which the administration does not wish to have killed by the Malone amendment.

Mr. KNOWLAND. I would say that this is a child which had its parentage under the Democratic administration, and which the present administration feels is a desirable emergency weapon in the event we should need strategic materials which could not otherwise be supplied to the Nation to meet our defense needs.

I would say also to the distinguished Senator from Illinois that I would certainly hope and expect that the rule of reason would be used, and that where we could produce and develop strategic materials within the country, which would not be subject to submarine warfare and otherwise, we should do so to the greatest extent possible; but in the event that we were not able to do that and we needed strategic materials, we should then have this flexibility so that the strategic materials could be secured.

Mr. DOUGLAS. Mr. President, I interpret the remarks of the Senator from California as meaning, in effect, that this child, though begotten by the Democrats, has been adopted by the Republicans.

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the Senator from Nevada [Mr. MALONE].

Mr. CHAVEZ. Mr. President—

Mr. MALONE. Mr. President, I yield to the distinguished Senator from New Mexico for a question.

Mr. CHAVEZ. Using the line of reasoning that it is desirable to obtain strategic materials in this country, what is wrong with adopting the amendment of the Senator from Nevada, which goes only to the extent of saying that it is all right to look for material in South Africa and elsewhere, but why forget Nevada, New Mexico, Arizona, and other

places where we could get plenty of such materials if we were only inclined to do so?

AMENDMENT IMPORTANT TO NATIONAL DEFENSE

Mr. MALONE. Mr. President, in answer to the distinguished Senator from New Mexico, this amendment goes much further than any interest of New Mexico, although that State is a potential producer of most of these minerals.

It goes to the heart of the national-defense question, the security of the United States of America, because, as long as we have a Mr. Stassen and others in this country using Government money to develop mines beyond major oceans that would not be available to us in any third world war, according to the testimony of the outstanding military strategists of the Nation, then we are under the necessity of importing these minerals, shutting down domestic mines, and depressing production in this country, and depending upon offshore areas, like India, for 900,000 tons of manganese annually, which is half of what we use annually, although we could not get a ton of it here hours after a third world war started.

We can increase production in South America; we can increase production in the Western Hemisphere. We can increase production in Maine or in Idaho or in New Mexico. But by importing it from abroad, where the wages paid are one-tenth or one-fifteenth of the wages paid here. For 22 years we have kept our mines slowing down, except when in an actual emergency when we pay 2 to 5 times what we would have to pay if we allowed them to operate in the regular way, as they were permitted to do for 75 years.

So I say to the distinguished Senator from Illinois that the very provision that puts the Stassen's and the Dulles' and all the rest of their ilk in the mining business throughout the world with taxpayers' money is the thing that will make us vulnerable when the fight starts.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Nevada [Mr. MALONE], to strike out section 412, lines 7 to 18, inclusive, on page 118 of the bill.

Mr. DOUGLAS. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk called the roll.

Mr. SALTONSTALL. I announce that the Senator from Indiana [Mr. CAPEHART] is absent by leave of the Senate. The Senator from Wisconsin [Mr. MCCARTHY] is necessarily absent.

Mr. CLEMENTS. I announce that the Senator from Texas [Mr. DANIEL], the Senator from Mississippi [Mr. EASTLAND], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Arkansas [Mr. MCCLELLAN], and the Senator from Georgia [Mr. RUSSELL], are absent on official business.

The result was announced—yeas 49, nays 40, as follows:

YEAS—49

Anderson	Bricker	Chavez
Barrett	Bridges	Clements
Beall	Byrd	Cordon
Bennett	Carlson	Crippa
Bowring	Case	Dworshak

Ferguson	Kuchel
Frear	Langer
Goldwater	Magnuson
Hayden	Malone
Hennings	Martin
Jackson	Maybank
Jenner	McCarran
Johnson, Colo.	Millikin
Johnson, Tex.	Morse
Johnston, S. C.	Mundt
Kerr	Murray
Kilgore	Neely

NAYS—40

Aiken	Gore	Monroney
Burke	Green	Pastore
Bush	Hendrickson	Purtell
Butler	Hickenlooper	Robertson
Cooper	Hill	Saltonstall
Dirksen	Holland	Smathers
Douglas	Humphrey	Smith, N. J.
Duff	Ives	Sparkman
Ellender	Kennedy	Thye
Ervin	Knowland	Upton
Flanders	Lehman	Wiley
Fulbright	Lennon	Williams
George	Long	
Gillette	Mansfield	

NOT VOTING—7

Capehart	Kefauver	Russell
Daniel	McCarthy	
Eastland	McClellan	

So Mr. MALONE's amendment was agreed to.

Mr. DANIEL subsequently said: Mr. President, I was unavoidably detained when the vote was taken on the Malone amendment. Had I been present, I would have voted "yea."

Mr. MALONE. Mr. President, I move that the vote by which the amendment was agreed to be reconsidered.

Mr. MORSE. Mr. President, I move to lay on the table the motion of the Senator from Nevada.

The motion to lay on the table was agreed to.

RESTORATION OF SOVEREIGNTY TO GERMANY

Mr. KNOWLAND. Mr. President, after prior consultation with the minority leader and with members of the Committee on Foreign Relations, I move that the unfinished business be temporarily laid aside and that the Senate proceed to the consideration of Calendar No. 2012, which is Senate Resolution 295, to express the sense of the Senate toward restoring sovereignty to Germany, which is on the desk of each of the Members of the Senate. The resolution relates to the question of an alternative to EDC in the event that EDC should not be ratified.

The motion was agreed to; and the Senate proceeded to consider the resolution (S. Res. 295), which was read, as follows:

Whereas a convention on relations between the United States of America, the United Kingdom of Great Britain and Northern Ireland, and the French Republic, therein referred to as the "Three Powers," and the Federal Republic of Germany, was signed on May 26, 1952, with a view to restoring sovereignty to the Federal Republic of Germany; and

Whereas the Senate of the United States gave its advice and consent to ratification of said convention on July 1, 1952; and

Whereas, nevertheless, it has not proved practical as yet to bring the Convention into force in accordance with its provisions: Now, therefore, be it

Resolved, That it is the sense of the Senate that the President, if he judges that fu-

ture developments make this desirable and in the national interest, should take such steps as he deems appropriate and as are consistent with United States constitutional processes to restore sovereignty to Germany and to enable her to contribute to the maintenance of international peace and security.

Mr. KNOWLAND. Mr. President, I ask the Senators in the Chamber to remain, if possible, because after what I believe to be a relatively brief discussion, a yeas-and-nays vote will be asked for on the resolution.

Mr. BUTLER. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives—

Mr. KNOWLAND. Mr. President, I ask the Senator from Maryland to withhold his request until we dispose of this matter, because a number of Senators are present for consideration of the resolution. We shall take up the matter of the Senator from Maryland a little later as a privileged matter, if that is agreeable to the Senator from Maryland. As soon as the Senate has disposed of that, we shall return to the Foreign Operations Administration bill. I understand the Senator from Nevada has an additional amendment which he desires to offer.

Mr. MALONE. Mr. President, I understand the junior Senator from Nevada has the floor. Is that correct?

Mr. KNOWLAND. When the consideration of the mutual-security bill is resumed I am sure the Chair will recognize the Senator from Nevada, because the Senator made it clear he had two amendments to offer.

The PRESIDING OFFICER. The question is on agreeing to Senate Resolution 295.

Mr. WILEY. Mr. President, on July 28 the Committee on Foreign Relations, without objection, reported to the Senate, Senate Resolution 295. This resolution expresses the sense of the Senate that the President should take such steps as he finds necessary and consistent with United States constitutional processes to restore sovereignty to Germany as rapidly as possible. By restoring sovereignty to Germany, it will be possible for that great nation to make a fair contribution to the maintenance of international peace and security.

This action by the Committee on Foreign Relations was not taken lightly. For the past several months members of our Consultative Subcommittee on Western Europe have been in frequent consultation with officials of the Department of State. During these consultations we have examined all of the ramifications of the failure of France and Italy to ratify the European Defense Community treaty. As my colleagues know, 2 years ago the Senate gave its advice and consent to a treaty with Germany by which we agreed to restore sovereignty to Germany.

This treaty, while continuing certain rights for American forces in Germany, would nevertheless have permitted the Federal Republic to begin to build up defense forces of her own adequate to meet the Soviet threat. Unfortunately, that agreement with Germany con-

abundantly clear that the reservation of leasable minerals is applicable, as to existing mining claims, only to those mining claims receiving the benefits of the first 3 sections of S. 3344. As to claims hereafter located, the reservation is applicable only to the claims that fall in one of 3 categories at the time of issuance of the patent therefore.

This latter restriction was written into the bill by the House and was accepted by your committee of conference with clarifying language.

Again, in section 7, the conferees adopted language designed to afford still greater protection to the mining claimant.

Certain technical changes were made in section 10, the Atomic Energy section, to make its terms consistent with those used in the Atomic Energy Act which the Congress recently enacted. A proviso was added to subsection (b) of section 10 to provide that the Atomic Energy Commission may not issue uranium leases in national parks, monuments, or wildlife refuges unless and until the President of the United States, by Executive order, declares such action is necessary and in the interests of national defense.

It can be stated that the atomic energy section of this bill is wholly in conformity with the sections of the atomic energy bill respecting the exploration, prospecting and extraction of fissionable source materials on the public lands.

A new section, section 12, was written into the bill stating that—

Nothing in this act shall be construed to waive, amend, or repeal the requirement of any provision of any law for approval of any official of the United States whose approval prior to prospecting, exploring, or mining would be required.

This section, while not of course, adding anything of substance to the legislation, does make abundantly clear the intent of both Houses that the bill will not indiscriminately throw open to mineral development areas where the approval of a responsible official of the United States has heretofore had to be obtained before mineral development could be carried on. An example would be permits to prospect in wildlife refuges, national parks, monuments, or on power-site withdrawals. We want to be certain that the bill in no way detracts from the protection now afforded wildlife, or our national parks.

Mr. President, while S. 3344 as approved by this body on July 8 has not been substantially changed, your conferees are convinced that the bill now is in clearer language and more fully carries out the intent of Congress.

It should be stated that all of the Senate conferees have signed the conference report.

Mr. President, I move adoption of the conference report on S. 3344.

Mr. ANDERSON. Mr. President, will the Senator yield for a question?

Mr. BARRETT. I am glad to yield to the Senator from New Mexico.

Mr. ANDERSON. As a matter of fact, while some changes in words may have been made in the bill, the result is a bill that is identical with the one passed by

the Senate after long hearings and long consideration. Is that correct?

Mr. BARRETT. The Senator is absolutely correct. In substance it is pretty much the same bill as it passed the Senate some time ago.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

HOUSING ACT OF 1954—CORRECTIONS IN ENROLLMENT OF H. R. 7839

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the concurrent resolution (S. Con. Res. 102) to make corrections in the enrollment of H. R. 7839, to aid in the provision and improvement of housing, the elimination and prevention of slums, and the conservation and development of urban communities, which were, on page 2, line 2, strike out "301" and insert "302" and on page 2, after line 9, insert:

In section 227 (c) (1) (2) (B) of the National Housing Act, as added to that Act by section 126 of the bill, insert after the words "such outstanding indebtedness" the following: (without reduction by reason of the application of the approved percentage requirements of this section)

Mr. KNOWLAND. Mr. President, yesterday the Senate adopted the concurrent resolution (S. Con. Res. 102) making certain corrections in the enrollment of H. R. 7839, the housing bill. There, apparently, were additional corrections to be made. This matter has been taken up with the distinguished Senator from South Carolina [Mr. MAYBANK], and we would like to have the House amendments agreed to.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. KNOWLAND. Yes, I will yield.

Mr. MAYBANK. I thoroughly concur in the amendments that the House has made and I think they should be agreed to.

Mr. KNOWLAND. Mr. President, I move that the Senate concur in the House amendments.

The motion was agreed to.

THE JUNIOR SENATOR FROM WISCONSIN—MOTION OF CENSURE

Mr. FLANDERS. Mr. President, I have consulted with the majority leader, the distinguished senior Senator from California [Mr. KNOWLAND], and I have offered to have the presentation of my motion to censure postponed until the discussion of the foreign-aid bill is concluded, provided, however, that it does not appear to be unduly prolonged, in which case I may wish to intervene with my privileged motion.

MUTUAL SECURITY ACT OF 1954—MOTION TO RECONSIDER VOTE

Mr. McCARRAN. Mr. President, I desire to enter a motion to reconsider the vote by which the Senate on July 29 agreed to the amendment offered by the

Senator from New Jersey [Mr. SMITH], identified as "7-28-54—G," and inserting on page 112, line 20, of the bill (H. R. 9678), an act to promote the security and foreign policy of the United States by furnishing assistance to friendly nations, and for other purposes, after "(a)", a new sentence as follows:

The President is hereby authorized to continue membership for the United States on the Intergovernmental Committee for European Migration in accordance with its constitution approved in Venice, Italy, on October 19, 1953.

I was not present at the time this amendment was adopted, and therefore I qualify to enter this motion.

The PRESIDING OFFICER. The motion will be entered.

AMENDMENT OF DISTRICT OF COLUMBIA CREDIT UNION ACT

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 3683) to amend the District of Columbia Credit Unions Act which was, on page 3, line 1, strike out "(a)" and insert "(b)."

Mr. CASE. I move that the Senate concur in the amendment of the House. It is merely a cross-reference, changing (a) to (b).

The motion was agreed to.

MUTUAL SECURITY ACT OF 1954

The Senate resumed the consideration of the bill (H. R. 9678) to promote the security and foreign policy of the United States by furnishing assistance to friendly nations, and for other purposes.

Mr. KNOWLAND. Mr. President, I understand the Senator from Nevada has another he is going to offer. If it is agreeable to him, I ask that the yeas and nays be ordered on the amendment.

The yeas and nays were ordered.

Mr. KNOWLAND. As I understand, the Senator from Nevada has sent his amendment to the desk.

Mr. MALONE. I have sent the amendment to the desk and I now offer it.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. It is proposed to strike out all after the enacting clause and insert in lieu thereof the following:

That there is hereby authorized to be appropriated the sum of \$13,079,000,000 for construction within the United States of military aircraft for the Armed Forces of the United States.

THIRTEEN BILLION FOREIGN AID FUND SHOULD BE SPENT ON UNITED STATES AIRCRAFT

Mr. MALONE. Mr. President, it is the intention of the junior Senator from Nevada to support with data and necessary information the amendment he has offered which proposes to authorize the appropriation of \$13,079,000,000 which would be available to the FOA for the construction of military aircraft for the Armed Forces of the United States. What is now known as FOA started as UNRRA. If this bill would pass in its present form FOA would be another UNRRA.

Mr. President, as of June 30, 1954, there were unexpended balances of mu-

tual security funds totaling \$9,979,100,000, of which \$7,734,600,000 had been appropriated to defense agencies, and \$2,244,500,000 to other agencies.

Of the \$9,979,100,000 there are \$2,582,000,000 in funds which have never been obligated and are therefore available from previous appropriations for the foreign aid program for 1955.

The Senate bill now under consideration would authorize \$3,100,000,000 in new funds for further foreign aid expenditures.

Unexpended funds, plus proposed new funds, total \$13,079,000,000. Unobligated funds, plus proposed new funds, total \$5,582,000,000.

An amendment is suggested to make unexpended balances plus the proposed new authorization available for the construction of airplanes for our national defense.

TITANIUM ADDS NEW FACTOR TO AIR PROGRAM

I wish to say at this point that there is more to the construction of military aircraft than appears in the programs which have been publicly announced. A new material has come on the scene. It is absolutely necessary and a "must" in airplane construction, if we are to have the best aircraft manufactured in the United States of America. That material is called titanium. We call it the wonder metal, because it is strong and light and is not susceptible to corrosion, even under sea water conditions, and very few chemicals will affect it.

"WONDER METAL" NECESSARY FOR SUPERSONIC AIR SPEEDS

In addition to its being noncorrosive, it is also heat resistant. The new alloys being worked out with titanium will stand the heat generated on the shell of a plane by supersonic speeds of 800 miles an hour or greater. The metal now used, aluminum, will not stand such high heat.

Also, with the lighter weight, of course, as was testified to by Don Douglas, of Douglas Aircraft, and by Robert Gross, of Lockheed, and others who know airplane construction, if the metal is available to the extent necessary so that the designs can be taken off the drafting board, a plane using 25 to 40 percent titanium, including the engine, not only can travel at supersonic speeds of 800 miles an hour or greater, but can cover the distances necessary without refueling.

TITANIUM TO GIVE MILITARY AIRCRAFT LONGER RANGE

Now it is necessary to refuel our planes if they go five or six thousand miles. The new planes, when the new metal is available, will be able to go 5,000 to 7,000 miles from the United States bases, distribute their bomb load, and return without refueling.

This metal is not available at this time in sufficient quantities. Therefore this Nation is not able to build the great air force it is capable of building without more work and more production.

MORE EMPHASIS MUST BE PLACED ON TITANIUM PRODUCTION

At this time the pure metal costs \$15 a pound. Pressed into shapes, it costs about \$20 a pound. Manufactured,

sponge is now being contracted for at \$5 a pound.

Without going into the laboratory work or the methods or the engineering experience, and the time that has been put into this metal in the past 3 years, the manufacture of the metal has been retarded because there has not been sufficient emphasis on the necessity for it; and, I am sorry to say, Congress has paid very little attention to it.

The subcommittee was provided for under Senate Resolution 143. The report of the subcommittee was submitted to the Senate on July 9. Before the subcommittee we heard witnesses from the airplane construction industry, from Government agencies working in laboratories on this metal, and from private construction agencies working on jet planes.

GREATER OUTPUT WILL BRING DOWN COSTS

The situation is that Mr. Mansure, of the General Services Administration, is doing the best job he can do, but he has limited orders. He has an objective of 35,000 tons annually. That is the amount recommended to be produced by the Secretary of Defense and by Mr. Flemming, Director of the Office of Defense Mobilization and a member of the National Security Council. Mr. Mansure is doing the best he can. However, encouragement is needed in the form of greater emphasis on the manufacture of the metal, which is very expensive. It is believed that it will be much cheaper in the reasonably near future if we have the pressure of manufacture, so that eventually, instead of costing \$15 a pound, it will cost less than \$3 a pound, and perhaps even \$2 a pound. The history of the manufacture of metals shows that to be the pattern. Aluminum and stainless steel are examples; 50 years ago aluminum was exceedingly expensive, costing from \$40 to \$50 a pound. It was a very scarce material.

After it was found to be an important metal and demand developed for the manufacture of national-defense goods, we began to manufacture aluminum in quantity. Today, instead of costing many dollars a pound it costs 18 or 20 cents a pound. The price of titanium is not likely to become that low, but practically all engineers and manufacturers believe that it will be cut in two several times. I believe that will be the case.

At the moment some agency must take the chance. Therefore, with titanium costing \$15 a pound for the metal and \$5 for the sponge with the present method of manufacture, it is necessary for the investor, whoever wants the metal—and that is now the Government—to take the risk of obsolete equipment in case a better and cheaper process is developed. So the contracts now being let by the General Services Administration guarantee to pick up the check on any equipment rendered obsolete by virtue of the possible development of a better method of manufacture.

This is a very fine investment, and it must be made. Money would be saved even if it were necessary to pay for a great deal of obsolete equipment, because when the method becomes cheaper money will be saved on future contracts.

ONE HUNDRED AND FIFTY THOUSAND TONS OF TITANIUM NEEDED ANNUALLY

Mr. President, large amounts of money are needed to let contracts to responsible companies for the manufacture of the planes themselves. I shall not go into detail as to what companies are interested, but we do know that progress is being made in laboratory experiments in the invention and manufacture of alloys necessary for the jet engines and for the planes.

Mr. President, the testimony clearly showed that we need an annual capacity of 150,000 tons of titanium, and that a large proportion of this capacity must be in a going concern operation or in a stockpile before the newly designed planes can be taken off the drafting board and manufacture started. Little would be gained if we started to manufacture a plane and then ran out of titanium metal and had to stop.

We are now producing 2,000 tons of this metal. We need 150,000 tons annually. If contracts are let at the present cost for any major portion of this amount of metal, a great amount of money will be required.

UNITED STATES AIRPOWER MUST BE GREATEST IN WORLD

I am addressing myself today to the question of the availability of the money required to build a first-class Air Corps with first-class air equipment, which will enable us to dominate the area of the Western Hemisphere. What we must drive for is an extended Monroe Doctrine. President Monroe said in 1823, 130 years ago, that if any nation should seek to extend its form of government within that area, such aggression would be considered an overt act against the United States. That doctrine kept us out of war for 75 years. It can keep us out of war for another 50 years if we are prepared to implement it; but we cannot now implement it with a fleet or with a foot army.

We must support it with the greatest airpower and the greatest air equipment in the world. To obtain this equipment we must start at the bottom. We must have the metal available to make the equipment and the money available to start making it.

We should not put a foot soldier in Asia or Europe. That kind of warfare is outdated. We should have our air equipment based in the United States or elsewhere in North America, according to military strategists. Such equipment could fly at supersonic speeds, travel between 5,000 and 7,000 miles, distribute the bombs, and return. We should also have fighter planes, radar equipment, and guided-missile equipment. If any nation should move across the line which we would define, either politically, economically, or militarily, we would simply say, "We will destroy your warmaking capacity at home."

I would not mention any nation. At this moment the greatest danger to this Nation is not Russia. There are other nations more dangerous to this Nation, economically and politically. Let us keep our feet on the ground and be ready to lay down the law, just as Monroe did 130 years ago.

To do so requires money—not \$13 billion to enable Mr. Stassen to travel all over the world building up our opposition, as we have been doing since World War II. Beginning in 1948, Congress set aside \$17 billion for a certain number of years, and added to it from time to time; and we have spent \$59 billion since World War II. Where and for what purpose? To build up our opposition, our economic competition in Europe, and to arm Russia and China.

Is there any doubt, Mr. President, that that is what this fund is being used for now? Is there any doubt that that is what the additional money would be used for? There can be no doubt if Members of this body will only read the current newspapers.

AIR CORPS STRENGTH WOULD PERMIT FIRM FOREIGN POLICY

Instead of giving Mr. Stassen \$13,079,000,000 to go all over the world to build up more opposition to our industries in this country and in competition with the jobs of workingmen in this country and to arm Russia and China, let us transfer this money to the Air Corps and build the finest air corps in the world, so that we can lay down a policy and stick to it. Then we shall not find ourselves embarrassed by reason of making statements all over the world that we cannot back up.

Mr. President, no one believes that a foot army will be the decisive factor in the next war. The only foot army any nation will have will be in its own area to repel invasion. When world war III starts, in a matter of a week a foot army in Europe and Asia would be dead or on the way to the salt mines.

I wish to read from the recommendations of the committee under Senate Resolution 143. The committee made 12 recommendations.

The recommendation as to titanium reads:

7. We recommend increasing the production goal for titanium to 150,000 tons annual minimum without delay. Titanium is a new wonder metal. This is a military must. Contracts should be awarded without delay by the Government to qualified concerns prepared to contribute toward this goal. Civilian demands are tremendous for this heat resistant high-strength-weight-ratio, noncorrosive, nonmagnetic metal.

As I have previously said, there is no competition for this metal. It is a question for us ourselves to determine, and for this Nation to work out. The metal can be used in jet engines and in the plane frames.

I continue to read from the committee recommendations:

This metal can become the basis for a \$5 billion to \$10 billion new civilian industry. Production of the long-range supersonic speed bombers and the necessary fighter planes will make obsolete any nation's air equipment built without it.

I wish to compliment the Senate for taking Mr. Stassen out of the mining business, by agreeing to the previous amendment which I offered.

UNITED STATES HAS AMPLE SOURCES OF RAW MATERIAL FOR TITANIUM

The United States, at the moment, is making annually 2,000 tons of titanium metal. Two-thirds of that metal is being

made in Henderson, Nev. Where are we getting the raw material? We are getting it from Australia. There are two principal raw materials which go into the manufacture of titanium metal. Rutile is coming from Australia, a source from which it would not be available in hours after world war III began. What is the other element? There are several elements of minor importance, but the principal one, one of the most important, is ilmenite. We are getting that from India, of all places. India has said time and again that it intends to be neutral. That is the most that could be expected of India. It would be logical for India to be neutral, because she is right on the border of Russia and is dependent upon Russia for many things.

Ilmenite is the second ore which goes into the manufacture of titanium. There is more ilmenite in the United States and in southern Canada than we could use in a hundred years, but we simply are not using it. I say it must be used. These ores must be converted into metal which will be available when a war starts, and money must be made available with which to produce them.

EUROPE'S INDUSTRIES HUMMING

Why send more billions of dollars to Europe, while in America unemployment is increasing, and more areas and cities are in distress?

Europe is prosperous. Europe is employed. European industries are humming. The index of industrial production of Europe is far above that of its most lush prewar era.

Mr. President, I placed in the RECORD this morning a table showing that the recovery of Europe—if it can be called recovery—based upon the prewar year of 1938, ranges from 140 to 180 percent. Some countries are producing more than double what they were producing before World War II.

I recall again, for the benefit of the Members of the Senate, that in 1948 I placed in the RECORD a table which indicated that only two nations in all of Europe at that time were substantially under the 100-percent index of production for the prewar year of 1937. What were those two nations? Austria and Germany. We ourselves held them down. All that was ever necessary to be done for Germany was to let her alone for a couple of years. It is not necessary to do anything for Germany. Simply do not do anything to her for a couple of years; Germany will take care of herself.

FOREIGN-AID PROGRAM A HUMBUG

All the other nations of Europe were within 1 percent or 1½ percent of a recovery to prewar conditions when the Marshall plan went into effect. The recovery of Europe cannot be attributed to the Marshall plan. That would have been impossible. It is humbug. Part of the prosperity may be due to the \$59 billion we have doled out in foreign aid since the war; but, in any event, Europe is on its feet, healthy again, and is sneering and snarling at Uncle Sam.

UNITED STATES UNEMPLOYMENT 10 TIMES GREATER THAN ENGLAND'S

In my opinion, it is the utmost folly to continue pouring billions of dollars of our hard-earned American money into

Europe while the economy of many of our own industrial communities is sick, while this Nation is afflicted with a growing rash of distressed areas, and while 10 times as many workers as Great Britain has are unemployed.

Mr. LANGER. Mr. President, will the Senator yield for a question?

Mr. MALONE. I yield.

Mr. LANGER. Does the Senator from Nevada agree with me that the United States should not permit the spending of a single dollar of the \$3,100,000,000 proposed to be appropriated, because there is a backlog of more than \$9 billion which is ample to take care of the situation?

Mr. MALONE. There is a backlog of \$9 billion, but I have an amendment to transfer that \$9 billion to the building of airplanes and the development of minerals and ores—some of which are very plentiful in the State of North Dakota, by the way—and to do something for Uncle Sam just once.

This morning I suggested not only taking the money away from Mr. Stassen, but also the canceling of his passport. The only question was whether to cancel it when he was out of the country or when he was still in the country.

Mr. LANGER. I thank the Senator.

Mr. MALONE. The last figure I have had on unemployment in the United Kingdom gave the jobless total as slightly below 300,000 or less than 1½ percent of Britain's working population.

Mr. President, 1 year ago while we were voting foreign aid billions to Europe and to Europe's colonies throughout the world there were only 39 areas in the United States which are what we call distressed areas by reason of unemployment. That was too many. It was four more than we inherited from the previous regime, against which the people by overwhelming majority revolted in November 1952.

GIVEAWAY PROGRAM REJECTED BY VOTERS

One of the reasons why so many million people soured on the old regime was the same giveaway program the foreign-aid advocates are proposing to continue today.

There was, as I have stated before, 39 distressed areas in the United States in July 1953.

By March 31 of this year the number had grown to 80, and the junior Senator from Nevada listed them in a floor speech.

By May the number had grown to 124, and I reported the new areas in another discussion on the floor of the Senate.

The latest report on the number of distressed areas in the United States was made by the Bureau of Labor Security on July 22, which was only last week.

The number of distressed areas as of the date of that report was 141, an increase of 17 in a few weeks time, an increase of 61 since March 31, and an increase of 102 since a year ago.

BILLIONS FOR EUROPE; NONE FOR UNITED STATES DISTRESSED AREAS

Where, may I ask my distinguished colleagues, is there \$13 billion in aid for these American distressed areas, distressed industries, and jobless workers? Where is there \$5 billion for their relief?

The report of the House appropriations committee informs us that \$2,200,000 already has been spent or programmed on offshore procurement, which means manufacture and production of military goods by foreign workers, in foreign factories, in foreign countries.

It means payrolls for foreigners and unemployment for American workers.

The same report states that \$300 million is being sought in the 1955 legislation for further foreign procurement of military supplies paid for by American taxpayers.

The pending bill contains \$70 million for the purchase of military aircraft in the United Kingdom, a cut of \$5 million from the \$75 million in the House authorization bill.

AMERICAN TAX DOLLARS FINANCE FOREIGN PAY-ROLLS

The taxpayers of America, and the workers of America, in other words, are being asked to finance European payrolls while our own payrolls sag to the point where we have 141 distressed areas in the United States.

Mr. President, of the 141 distressed areas today 86 are in what the Bureau of Labor Security calls group A, which means that unemployment approximates 6 to 12 percent of the labor force. Thirty-eight areas are in group B, with 12 percent or greater unemployment.

Areas which have become distressed since May are Columbus, Ga., and Honolulu, Hawaii; Decatur, Ala.; Oswego-Fulton, N. Y.; Kinston, N. C.; Newark, Ohio; Springfield, Ohio; Amsterdam, N. Y.; Lock Haven, Pa.; Richlands-Bluefield, Va.; Fort Smith, Ark.; Bristol, Conn.; Owosso, Mich.; Findlay-Tiffin-Fostoria, all in one area, and Mansfield and Sandusky-Fremont, Ohio; and Springfield, Vt.

Amsterdam, Lock Haven, and Richlands-Bluefield are in the IV-B list with 12 percent or more unemployment.

MORE LAYOFFS ANTICIPATED

A significant statement from this Bureau of Employment report reads as follows:

Further layoffs were anticipated by employers in three major branches of transportation—aircraft, autos, and shipbuilding—farm machinery, ordnance, and household appliances such as refrigerators and washing machines.

Mr. President, our laid off ordnance workers must be greatly heartened by the fact that \$2,200,000,000 of American money, including some they have contributed in taxes, has been programmed for procurement of military goods in foreign countries, and that this procurement includes great quantities of ordnance manufactured in Europe, and particularly in England, France, and Italy.

The \$70 million now requested for the manufacture of military aircraft in Great Britain, which is in addition to many millions already spent in such procurement, should be of interest to our aircraft workers who have been laid off or who face the prospect of further

layoffs, according to the Bureau of Employment Security.

Mr. President, every dollar in foreign aid we are expending is working a hardship on American labor, American industry, and American communities.

We are taking jobs and bread away from Americans, and giving jobs and butter to foreigners.

HOW FOREIGN NATIONS HELPED AMERICA IN OUR TIMES OF STRESS

Mr. President, there have been periods in the history of our country when our own Nation was in acute economic distress; when it was endeavoring to recover from calamitous and destructive wars, and to rehabilitate war-disrupted industries.

As I recall history, there were periods, after the War of 1812 to 1815 with Great Britain, following our War with Mexico, and particularly after the great conflict between the North and South, when this Nation was hard pressed and its people were hard pressed. I would say we have had a good many wars with a good many nations. The only one who succeeded in burning the White House, however, were the English.

Did any foreign country come forward then with economic or monetary aid? Did any nation undertake then to rehabilitate our industries or economy?

FOREIGN LOANS TO UNITED STATES LISTED

Mr. President, at my request the Legislative Reference Service of the Library of Congress prepared for me a list of all foreign loans made by foreign nations to our Government since the founding of our Republic under the Constitution. The first loan, I find, was made in 1790, and the last in 1794. All were made by Holland or by Antwerp, and they totaled \$9,400,000. Not \$9 billion, Mr. President, the amount we are proposing to appropriate so blithely, not a penny of which we will ever get back, but all of which will go into foreign industries that will compete with domestic producers and help our potential enemies. All of America's foreign loans had been paid back in full by 1809—with interest, I might add.

Nine million dollars is the sum total of the foreign aid that has been extended throughout our history by foreign governments to the Government of the United States.

I ask unanimous consent that this report and the table showing foreign loans to the United States be printed in the RECORD at this point in my remarks.

There being no objection, the report and the table were ordered to be printed in the RECORD, as follows:

THE LIBRARY OF CONGRESS,
Washington, D. C.

The Honorable GEORGE W. MALONE,
United States Senate,
Washington, D. C.

DEAR SENATOR MALONE: There appear to have been a limited number of loans made to the Government of the United States by foreign sources since the inception of the United States Constitution. These are listed below by country, year, and amounts. They all were made on the application of this country and the last of them was obtained

in 1794 and paid up as to principal and interest by the year 1809. Some grants and loans from foreign governments were made to the United States before April 30, 1789 but our research reveals no grants and no direct government-to-government loans after that date. In the war of 1812 (in 1814) United States bonds were sent to Europe for sale but were not sold.

Foreign loans to the United States after 1789

Origin ¹	Year	Amount loaned ²	Dollar amount	Year paid up
Holland..	1790.....	\$3,000,000	\$1,200,000	1805
Do.....	March 1791.....	2,500,000	1,000,000	1805
Do.....	September 1791.....	6,000,000	2,400,000	1805
Antwerp..	1791.....	2,050,000	820,000	1805
Holland..	December 1791.....	3,000,000	1,200,000	1807
Do.....	1792.....	2,950,000	1,180,000	1807
Do.....	1793.....	1,000,000	400,000	1803
Do.....	1794.....	3,000,000	1,200,000	1809
		23,500,000	9,400,000	-----

¹ The Holland loans were all negotiated in Amsterdam through the houses of W. & J. Willink, N. & J. van Staphorst, & Hubbard. The Antwerp loan was completed through Messrs. O. J. M. DeWolf & Co.

² The loans were all contracted in terms of florins, or guilders, of "Brahant exchange money."

Source: 10th Census of the United States, Statistics of Public Indebtedness, comp. Robert P. Porter, Washington, 1881.

All loans made to the United States Government have been repaid in full. No direct loans have been made to the United States Government by foreign countries since the Holland loan of 1794.

Sincerely yours,

ERNEST S. GRIFFITH,
Director.

Mr. MALONE. Mr. President, I ask unanimous consent to have printed in the RECORD at this point a chart which refers to the foreign loans made to the United States as set forth in the letter from the Library of Congress.

It shows that, according to the record that we paid from 4 percent to 5 percent interest on each loan, plus a banker's charge in each instance of an additional 3¼ percent to 4¼ percent, making an actual total interest rate paid of approximately 9 percent on each loan.

The table also shows that actually most of the loans were paid up ahead of time.

There being no objection, the chart was ordered to be printed in the RECORD, as follows:

The sum of \$9,400,000 is the total amount of principal. The table below shows the figures for interest rate:

Rate of interest per annum	Years to run	Charges ¹
5 percent....	Reimbursible within 14 years.	4½ percent on principal.
Do.....	To run 11 years, and at the end of that period to be paid in 5 equal payments.	Not known.
Do.....	10 years—then 5 equal payments.	4 percent on principal.
4½ percent..	Run for 11 years—then paid in equal amounts on certain date each year; to be completely cleared up by 15 years.	Not known.

¹ Commission and expenses charged by bankers who handled the loans—in addition to the principal and interest.

Rate of interest per annum	Years to run	Charges
4 percent....	Run for 12 years—then to be repaid in 5 equal annual payments.	5½ percent on principal.
Do.....	Run for 11 years—then repaid in 5 equal annual payments.	5 percent commission and expenses, plus 1 percent of each installment of interest received and paid.
5 percent....	Run for 10 years—then repaid in 5 equal payments.	3½ percent on principal.
Do.....	Run for 11 years—then repaid in 5 equal payments.	4 percent on principal.

Mr. MALONE. Mr. President, I wish to call attention to the fact that not only did we pay interest on the loans, but we paid brokers' fees. In this case we ourselves pay interest to our people. We sell bonds to our citizens, and we pay any fees incurred. No foreign nation pays anything.

The table which I have already asked permission to have printed in the RECORD shows that the loans were reimbursable in from about 10 to 14 years. The interest rate ran from 4 to 5 percent, and, in addition, there was a banker's fee for handling the loans.

Mr. President, I ask unanimous consent that a list of these foreign-aid beneficiaries, as prepared this year in alphabetical order by the Office of Business Economics, of the Department of Commerce, be printed, placed in the RECORD at this point, as part of my remarks.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

GEOGRAPHICAL ARRANGEMENT USED IN REPORT ON FOREIGN GRANTS AND CREDITS

American Republics: Argentina Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay, Venezuela, unspecified.

Afghanistan.
Albania.
Andorra.
Austria (WE).
Bahrein.

Belgium-Luxembourg and possessions: Belgium (WE), Luxembourg (WE), Belgian Congo (WE), Ruanda-Urundi (WE).
Bhutan.

British Commonwealth: United Kingdom (WE), Aden (WE), Anglo-Egyptian Sudan, Australia, Bahamas (WE), Barbados (WE), Bermuda (WE), British Borneo (WE), British East Africa (WE), British Guiana (WE), British Honduras (WE), British islands east of Africa (WE), British Leeward and Windward Islands (WE), British Solomon Islands (WE), British Somaliland (WE), British South Africa (WE), Canada, Ceylon, Cyprus (WE), Federation of Malaya (WE), Fiji (WE), Gambia (WE), Gibraltar (WE), Gilbert and Ellice Islands (WE), Gold Coast (WE), Hong Kong (WE), India, Jamaica (WE), Malta (WE), Nauru, New Hebrides (British-French) (WE), New Zealand, Nigeria (WE), Northern Rhodesia (WE), Pakistan, St. Helena (WE), Sierra Leone (WE), Singapore (WE), South Atlantic areas (WE), Southern Rhodesia (WE), Tonga Islands (WE), Trinidad and Tobago (WE), Union of

South Africa, Western Pacific islands (miscellaneous) (WE), unspecified.

Bulgaria.
Burma.
China-Taiwan (Formosa).
Czechoslovakia.
Denmark and possession: Denmark (WE), Greenland (WE).
Egypt.
Estonia.
Ethiopia-Eritrea.
Finland (WE).
French Union: France (WE), Algeria (WE), Clipperton (WE), French Cameroons (WE), French Equatorial Africa (WE), French Guiana (WE), French India (WE), French Morocco (WE), French Oceania, (WE), French Somaliland (WE), French West Africa (WE), French West Indies (WE), Indochina: Associated States of Vietnam, Cambodia, Laos, Madagascar (WE), New Caledonia (WE), Saint Pierre & Miquelon (WE), Tunisia (WE).

Germany: East Germany, Federal Republic (WE).

Greece.
Hungary.
Iceland (WE).
Iran.
Iraq.
Ireland (WE).
Israel.

Italy and trust territory: Italy (WE), Italian Somaliland (WE).

Japan and possessions: Japan, Ryukyu Islands, miscellaneous islands.

Jordan.
Korea.
Kuwait.
Latvia.
Lebanon.
Liberia.
Libya.
Liechtenstein.
Lithuania.
Monaco (WE).
Mongolia.
Nepal.

Netherlands Union: Netherlands (WE), Indonesia, Netherlands, New Guinea (WE), Netherlands West Indies (WE), Surinam (WE).

Norway (WE).
Oman.
Palestine.
Philippines.
Poland.

Portugal and possessions: Portugal (WE), Angola (WE), Azores (WE), Cape Verde Islands (WE), Macao (WE), Madeira Islands (WE), Mozambique (WE), Portuguese Guinea (WE), Portuguese India (WE), Portuguese Timor (WE).

Qatar.
Rumania.
San Marino.
Saudi Arabia.
Spain and possessions: Spain (WE), Canary Islands (WE), Spanish Morocco (WE), Spanish Sahara (WE).
Sweden (WE).

Switzerland (WE). Bank for International Settlements.

Syria.
Tangier.
Thailand.
Tibet.
Trieste (WE).
Trucial Oman.
Turkey (WE).

U. S. S. R. and possessions: U. S. S. R., Karafuto and Kuril Islands.

Yemen.
Yugoslavia (WE).
Trust Territory of the Pacific Islands: Caroline Islands, Mariana Islands, Marshall Islands.

International organizations: European Payments Union (WE), Intergovernmental

Committee for European Migration, Intergovernmental Committee on Refugees, International Refugee Organization, Organization of American States (Pan American Union), United Nations, United Nations International Children's Emergency Fund, United Nations Relief and Rehabilitation Administration.

Unspecified areas: Europe (WE), Other.

RED BENEFICIARIES INCLUDED

Mr. MALONE. Mr. President, it will be noted that in this list of postwar recipients of largesse from our Treasury—a Treasury incidentally that is \$270 billion in debt—there are a number of Communist nations and possessions, including Soviet Russia, Czechoslovakia, Bulgaria, East Germany as distinguished from the Federal Republic in West Germany, Hungary, Rumania, Poland, and Mongolia.

The foreign aid program, as originally conceived by its proponents, envisioned vast dollar handouts to everybody, including Russia and her satellites, who were even invited to participate in the Marshall plan.

RUSSIA DECLINES MARSHALL PLAN AID

Perhaps Senators now present will recall that we offered Marshall plan aid to Russia, and Russia declined to take it. The fact that Russia had the good sense to refrain from taking money from the taxpayers of the United States excites great curiosity in the breast of the junior Senator from Nevada.

It will be noted also that nine international organizations are on the foreign-aid handout list.

Mr. President, foreign aid has been the greatest boondoggle in all history. The boondoggles of the depression era pale into insignificance by comparison. The money they spent at least went to the relief of Americans, Americans who were unemployed or hungry.

Foreign-aid funds go to foreigners, who today are neither unemployed or hungry. In Great Britain, for example, unemployment is virtually nonexistent, only one-tenth that in the United States; and Britain is the major recipient of our postwar largesse.

Today there are more agencies handing out aid in various forms to foreigners than there were agencies administering aid and relief to Americans in the deepest days of the depression.

AGENCIES SUBMITTING DATA ON FOREIGN AID GIFTS

I ask unanimous consent that there be printed in the RECORD at this point in my remarks a list of agencies submitting data on foreign-aid gifts, grants, or credits to the Office of Business Economics of the Department of Commerce for preparation of its report of last December.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

REPORTING AGENCIES

Agencies submitting data on foreign grants and credits to the Office of Business Economics are listed below in the alphabetical order followed in agency tabulations throughout this report. Agencies designated with an asterisk (*) have reported in prior periods but their activities have since been

liquidated or merged with those of another agency.

Agriculture Department.
American Red Cross.

Commerce Department: Maritime Administration.

Defense Department: Air Force Department, Army Department, Navy Department.

Executive Office of the President: Office of Defense Mobilization.

Export-Import Bank.

Foreign Economic Administration.*

Foreign Operations Administration: Director for Mutual Security,* Institute of Inter-American Affairs,* Mutual Security Agency,* Economic Cooperation Administration,* Technical Cooperation Administration.

General Services Administration: Defense Materials Procurement Agency,* War Assets Administration.*

Philippine War Damage Commission.*

Post Office Department.

Reconstruction Finance Corporation: Office of Defense Plants,* Office of Defense Supplies,* Office of Metals Reserve,* Office of Rubber Reserve,* Rubber Development Corporation,* U. S. Commercial Company.*

State Department.

Treasury Department: War Refugee Board.*

FOREIGN-GIVEAWAY VIRUS INFECTS MANY AGENCIES

Mr. MALONE. Mr. President, from the above list it can readily be seen that the foreign-giveaway virus has infected five great departments of our Government, in addition to the agencies Congress has set up to carry on this vast international boondoggle.

I do not know how many of the employees in these departments are engaged in dispensing American dollars to foreign nations, while deriving their incomes from other American dollars contributed by our taxpayers; but I do know that the Foreign Operations Administration in May had 4,141 employees on its payroll, an increase of 67 over the previous month, and an increase of 766 since the new administration took office.

In the opinion of the junior Senator from Nevada, what we have here is not only a boondoggle for 166 foreign nations and foreign possessions, and for 9 international organizations, but for payrolls in our own administration, which was elected on a pledge of sound business practices and economy.

I renounce foreign aid as a Republican program. It is not a Republican program. It is a worldwide, New Deal expansion of a New Deal program which the New Deal commenced domestically, prior to the war, to tax the American people into economic slavery and political submission, by dividing their incomes, wealth, and earnings with the world.

POWER PROJECTS AUTHORIZED BY FOA IN FOREIGN LANDS

Mr. President, in 1948, I called the Marshall plan an international WPA, and it has never changed; that is what it is today.

The New Deal milk-for-Hottentots plan that America chuckled over in pre-war days has now been transposed into multi-million-dollar power projects for India, butter for Britain, and irrigation works for Eysvoogel land in Surinam.

Mr. President, I ask unanimous consent that there be printed in the RECORD,

at this point in my remarks, 6 tables showing the irrigation, reclamation, and hydroelectric power projects authorized and programed by the Foreign Operations Administration in foreign lands, 1 each for projects in Europe, European overseas territories, the Far East, including Indochina, Africa, the Near East, and south Asia; and, in addition, a statement concerning a strategic materials development project in Portuguese East Africa.

There being no objection, the tables and statement were ordered to be printed in the RECORD, as follows:

Irrigation, reclamation, and hydroelectric power projects authorized and programed by country and fiscal year

[Thousands of dollars]

Projects	Total	Fiscal years		
		1952	1953	1954
Near East.....	7,412	2,142	1,636	3,634
Iran.....	3,006	360	266	2,380
Golpayegan Dam.....	137	92	45	
Kouhrang Tunnel.....	66	50	16	
Land-use surveys.....	140	80		60
Karkheh Dam.....	158	108	50	
Ghanat reconstruction.....	230	30		200
Irrigation improvement.....	95		60	35
River basin survey.....	295		95	200
Karaj Dam.....	1,400			1,400
Zayande H. Rud Basin.....	335			335
Yezd deep wells.....	150			150
Iraq.....	423	50	170	1,203
Range improvement.....	5			5
Irrigation designing construction.....	194			194
Irrigation and drainage laboratory.....	4			4
Water resources planning irrigation laboratory and ground water surveys.....	170		170	
Water resources utilization.....	50	50		
Israel.....	68	25	43	
Irrigation.....	25	25		
Use of rangelands.....	30		30	
Water storage.....	13		13	
Jordan.....	1,787	707	597	483
Yarmouk Jordan Valley Range water development.....	949	587	129	233
Range management and ground water development.....	362	120		242
Forestry and soil conservation.....	134		134	
General Wadi development.....	39		31	8
General Wadi development.....	303		303	
Lebanon.....	1,386	860		1,526
Litani River Basin investigations.....	871	656		215
Water reconnaissance survey.....	133	40		93
Kasbie construction project.....	100	100		
Irrigation.....	82	64		18
Kasbie irrigation.....	200			200
Saudi Arabia.....	742	140	560	142
Natural resources survey.....	140	140		
Rural community development project.....	500		500	
Ground water development.....	60		60	
Range improvement.....	12			12
Drainage.....	30			30

¹ Programed.

² Includes service costs for technicians and trainees.

³ Approximately \$170,000 was also obligated for technicians for water resource survey under contract with U. S. Bureau of Reclamation.

⁴ Includes development of land and water resources in such select areas and construction of irrigation works.

⁵ Obligated for technicians and trainees in water-spreading techniques.

Irrigation, reclamation, and hydroelectric power projects authorized and programed by country and fiscal year

[Thousands of dollars]

Projects	Total	Fiscal years		
		1952	1953	1954
South Asia.....	62,339	18,484	17,763	26,092
Afghanistan.....	647		114	533
Helmand Valley agricultural development.....	647		114	533
India.....	52,712	18,484	16,096	18,132
Ground-water irrigation, construction, and equipment.....	19,891	13,700	6,191	
River valley development—power, irrigation, and flood control.....	10,189	4,784	5,405	
Ground-water exploration.....	4,500		4,500	
Rihand River Dam construction.....	11,000			11,000
Powerplant expansion.....	2,900			2,900
Improvement of Rajasthan power facilities.....	3,600			3,600
Engineering services to DVC (Harza).....	632			632
Nepal.....	252		153	99
Irrigation.....	209		153	56
Irrigation from Tilawe.....	43			43
Pakistan.....	8,728		1,400	7,328
Ground water—exploration and tube wells.....	150		150	
Malchi Dhand, reclamation.....	500		500	
Bolan Dam.....	450		450	
Baluchistan State Union development.....	300		300	
Water supply and control:				
Kamofali.....	750			750
Punjab.....	85			85
Taunsa Barrage.....	3,500			3,500
Soil and water conservation:				
Baluchistan Province.....	130			130
Bala-Chistan Province.....	55			55
Punjab ground-water survey.....	858			858
Water supply and control—irrigation Granges Kobaclak.....	1,950			1,950
Regional projects.....	195			195
Water spreading.....	195			195
Africa.....	7,865	206	7,047	612
Egypt.....	2,316		2,032	284
Agricultural drainage.....	162		162	
Drainage investigations and improvements.....	29		29	
Underground water survey.....	122		122	
Land reclamation and development.....	1,719		1,719	
Desert range development.....	82			82
Photogrammetric mapping ²	202			202
Ethiopia.....	400	75	100	225
Water resources.....	400	75	100	225
Liberia.....	302		302	
Hydroelectric hydrology.....	2		2	
Aerial photographic survey.....	300		300	
Libya.....	319	131	85	103
Ground-water resources.....	319	131	85	103
Development of overseas territories.....	4,528		4,528	
French Morocco—hydroelectric project ³	4,528		4,528	

¹ Programed.

² Includes aerial survey High Aswan Reservoir.

³ Programed costs for an estimated 13 technicians, including administrative costs.

⁴ For various purposes including hydroelectric potential determination.

⁵ French counterpart funds derived from basic materials to be used for this project.

Latin America: Reclamation and power projects estimated for fiscal year 1954

[Thousands of dollars]

Reclamation projects, total.....	162.9
Colombia.....	24.0
Costa Rica.....	39.3
Haiti.....	50.2
Nicaragua.....	21.2
Regional.....	28.2

Power projects, total.....	18.0
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Cuba.....	7.3
Dominican Republic.....	10.7

European industrial projects:¹ Authorizations for irrigation, reclamation, and hydroelectric power projects financed in part by FOA, by country and project, cumulative, Apr. 3, 1948, to Mar. 31, 1954

[In thousands of dollars]

Country and project:	FOA procurement authorized
Total for specified European projects.....	18,678

France: Extension of the Office du Niger irrigation project in French West Africa.....	1,191
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Greece.....	120
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Hydroelectric plant (40,000 kilowatts), at Agra on Vodas River.....	35
Hydroelectric plant (50,000 kilowatts), at Ladhon.....	40
Hydroelectric plant (5,000 kilowatts), at Louros.....	45

Iceland.....	5,034
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Expansion of hydroelectric plant on the Sog River.....	4,064
Expansion of hydroelectric plant on the Laxa River.....	970

Portugal: Irrigation and power development in the Sorraia Valley and the Plains of Vila Franca.....	1,659
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Turkey: Saryar hydroelectric powerplant and related transmission lines.....	10,157
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International: Austro-German hydroelectric powerplant at Braunau on the Inn River.....	517
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¹FOA European industrial projects are projects which are approved for major construction, modification, rehabilitation, or equipping of plants, installations, or facilities where substantial amounts of integrated engineering or dollar procurement are required.

European overseas territories: Authorizations for irrigation and reclamation projects,¹ by area, cumulative, Apr. 3, 1948 to Mar. 31, 1954

[In thousands of dollars]

Area and project:	FOA authorizations
Total for specified European overseas territories projects.....	1,609

French territories: Morocco rice cultivation.....	264
Netherlands territories.....	1,345

Surinam: Eysvoogel land reclamation.....	1,296
Cyprus antierosion program.....	17
Somaliland reservoir construction.....	32

¹Excludes projects of a similar character developed by the European countries themselves which have benefitted, in varying degrees, by FOA-financed general import or loan programs or by the use of the country's own counterpart funds.

FOA-FINANCED STRATEGIC MATERIALS DEVELOPMENT PROJECTS FOR PORT DEVELOPMENT

The only project involved in the strategic materials program pertaining to harbors, waterways, and related projects, is the development of the port of Beira in Portuguese East Africa. This project which was approved for MSA/ECA financing in 1950 has an estimated overall cost equivalent to about \$3,300,000.

The project is financed in part by FOA with counterpart funds and dollars. As of March 31, 1954, FOA had committed \$670,000 for the purchase of American equipment and services, and the equivalent of \$1,325,000 in Netherlands counterpart funds. Expenditures of counterpart through March 31, 1954, were equivalent to \$1,316,000. As of the same date, dollar expenditures amounted to \$670,000.

Far East program: Authorizations for irrigation, reclamation, and power projects by country and type of project—Cumulative, June 5, 1950, to Feb. 28, 1954

[In thousands of dollars]

Country and type of project:	FOA authorizations
Total for specified far eastern projects.....	37,217.1

China (Formosa).....	19,529.0
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Irrigation and reclamation.....	203.0
Port facilities.....	11.0

Power:	
Hydro power generation.....	6,297.0
Thermal power generation.....	8,185.0
Power transmission and distribution.....	4,833.0

Indochina, Associated States.....	5,235.8
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Irrigation and reclamation.....	1,152.1
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Port facilities:	
Harbor improvements.....	183.6
Inland waterways.....	3,239.2
Cargo handling and storage.....	64.7
Power: Thermal power generation.....	596.2

Thailand.....	9,012.3
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Irrigation and reclamation.....	6,587.0
Harbor improvement.....	805.5

Power (power system survey and rural power).....	1,619.8
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Philippines.....	3,440.0
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Irrigation (pump and gravity.....	2,998.0
Port facilities and inland waterways (lighthouse rehabilitation).....	431.0
Electric power survey.....	11.0

FOREIGN AID A SCHEME TO SIPHON AMERICA'S WEALTH AWAY

Mr. MALONE. Mr. President, I oppose this program and this bill. I have opposed this foreign-aid scheme to siphon America's wealth to foreign nations, ever since I came to the United States Senate; and I opposed it before I was elected to the United States Senate, 7½ years ago.

I oppose it because it was sold, under false and "phony" pretenses, by a reckless and wasteful administration to the Congress.

I oppose it because it has not bought national defense.

I oppose it because it has retarded and held back national defense, squandering on remote and distant areas, some of

them now under Communist domination, money that should have gone to expand our Air Force.

I oppose it because it has taken away jobs from American workers, and given them to foreign workers. The very bill we are discussing today carries a \$70 million item for construction of airplanes in Great Britain, the nation that gave to Russia the Zene jet engine that later appeared in the MIG-15's that shot down American airmen in Korea.

BRITISH JET ENGINE FOR SOVIET WAS AT FIRST DENIED

Mr. President, at this point I wish to say that in 1948, I stated on this floor that England had sent the jet engine to Russia. That was violently denied. Someone even wrote a letter on that subject to the Secretary of Defense at that time. He did not deny that the jet engine had been sent to Russia. He merely said the shipments had been stopped, and that no more were being sent. Later, however, we found out that the shipments had not been stopped.

Of course, Mr. President, when a new engine or any other new piece of mechanism is invented, it is not necessary to send more than one to a foreign country; from that point on, duplicates can be made in that country. That is what England did, Mr. President.

FOREIGN AID USED TO DESTROY UNITED STATES INDUSTRIES

Mr. President, I oppose this program and this bill because it has been used, in part, to destroy many of our great domestic industries.

It has been used to destroy mining industries.

It has been used to destroy, in part, the textile industry.

It has been used to destroy almost all of the crockery industry.

It has been used to destroy the watch industry.

Recently the President of the United States took cognizance of that fact, and raised the tariff on watches 50 percent.

In that connection I merely wish to say—as I have said many times before, both on the floor of the Senate and elsewhere—that the job of fixing the tariff is given to the Congress of the United States by the Constitution of the United States. Congress dodged its responsibility, by passing the 1934 act which transferred to the Executive, by means of a simple congressional act, the constitutional responsibility of Congress to set the duties, imposts, and excises, and to regulate foreign trade. Mr. President, if a Member of the Senate had said, 10, 15, 20, 25, 30, or 40 years ago that Congress might do that, he would have been laughed off the floor of the Senate.

Mr. President, why does the Constitution provide that Congress shall have the duty of fixing the duties, imposts, and excises, and of regulating foreign trade, and thus the duty of protecting the workingman and investors of the United States? That constitutional provision was made because every precinct in the United States is represented on the floor of the Senate and on the floor of the House of Representatives. Thus, if the clothespin industry is about to be

taken away from southern Maine, Maine has two Senators and a Member of the House of Representatives to represent that district, and they can call the attention of Congress to that situation—as was done by the distinguished Senators from Maine, who called the attention of the Senate Finance Committee and of the Senate of the United States itself to the fact that that little industry was being destroyed.

Why was it being destroyed, Mr. President? It was being destroyed simply because those who work in the small clothespin factories in southern Maine are paid 95 cents an hour, whereas in Sweden 55 cents an hour is paid for the same kind of work. I heard the distinguished Senator from Maine say, "It is just as simple as that." And it is, Mr. President.

MONEY SQUANDERED ON FOREIGN AID THE PEOPLE'S MONEY

That is the way in which the industries of the United States of America are being destroyed—and are being destroyed with the money of the people of the United States themselves, not with our money, Mr. President, for the Congress of the United States and the Government of the United States do not have any money.

Money spent by the Government is not the Government's money, but belongs to the taxpayers of the United States, and is taken from them by the Government.

Mr. LANGER. Mr. President, will the Senator from Nevada yield for a question?

The PRESIDING OFFICER (Mr. PAYNE in the chair). Does the Senator from Nevada yield to the Senator from North Dakota?

Mr. MALONE. I am glad to yield.

Mr. LANGER. Of course, what the Senator from Nevada has just said is equally true of the mercury industry and the tungsten industry in the United States. Foreign imports cause the closing of those industries.

Mr. President, criticism is made of the Commodity Credit Corporation and the debt that is incurred, and it is said that the subsidy paid to the farmers is running into the billions of dollars. But at the same time, wheat is imported from Canada, and nearly half the Canadian rye crop is imported, and a great deal of barley is imported.

So I think the Senator from Nevada is entirely correct in his criticism of what is occurring.

Does not the Senator from Nevada agree with me that these industries should not be put out of business?

FARM PRODUCTION ABROAD STABILIZED BY UNITED STATES DOLLARS

Mr. MALONE. Of course I agree with the distinguished Senator from North Dakota. Certainly if there is no tariff on wheat, rye, or butter, to make up the difference between wages and taxes in the United States and wages and taxes in the competing countries, we are going to stabilize the production of those commodities in the foreign countries by buying their supplies of those products.

Mr. LANGER. Does not the Senator from Nevada agree with me that

although the eastern newspapers print articles about how much money the farmers of the Middle West are making and about the subsidy the farmers receive, the fact of the matter is that the farmer takes his rye crop to the CCC, and obtains a loan on it at \$1.08 a bushel; but at the same time, rye is being imported from Canada—in fact, in a period of 6 months, nearly 13 million bushels were imported, or more than half the rye crop of this country; and it is sold at a very low price, with the result that the price of rye declined to nearly \$1 a bushel in the last year, and with the further result that the farmers were compelled to put their rye under loan with the Commodity Credit Corporation, which of course had, sooner or later, to sell the rye at the market price; and, in consequence, a \$12 million or \$13 million loss is charged to the so-called farmers' subsidy. Is not that correct?

Mr. MALONE. Of course, that is correct. Let me say to the distinguished Senator from North Dakota [Mr. LANGER] if a price is fixed which is profitable to any nation in the world in that business, there is nothing to keep the product from coming into the United States if the duty is less than the difference between the wages, taxes, and other costs of production in the competing country and such costs in the United States. We are the market; and there is not enough money in the world to keep it for American production if the duty is not sufficient.

Mr. LANGER. Of course. I fully agree with the distinguished Senator. He is contributing a remarkable statement upon the floor of the Senate. I hope Senators will read his statement tomorrow.

THE INTERNATIONAL LOBBY

Mr. MALONE. Mr. President, the eastern tier of States seems to be entirely dominated by people who are in the brokerage business, and who are taking an override on the industries of the United States. New York City is a good example—and I am sorry to say that Washington, D. C., is included under the tent. They are an international lobby.

Those who occupy the great buildings of New York—of course, the canyons of New York are pretty deep for a mountain man, but I go into them once in a while—are sitting in their offices and taking an override upon industry. That is the penalty for allowing people in America to do a brokerage business. They do not produce anything, but they control a great deal of oats. There is no production in the cities. This tier of States, I am sorry to say, is lost so far as the producers of the United States are concerned.

The Southern States, beginning with Maryland, and the Western States, beginning with western Pennsylvania, are producers.

BROKERS TAKING OVERRIDE ON UNITED STATES LABOR AND PRODUCTION

The people of those States do not know how to take it from the top. They think one must raise a crop and harvest it—get up in the morning and go out and

cut it down, rake it up, shell it, thrash it, or stack it. They think one must go out into the timber and cut it down, process it, run it through a sawmill, or do something with it to make it worth more money. They think one must go underground into the mines in order to mine something.

They know that one man can drill several dry oil wells and spend his money, and finally get a producing oil or gas well, and sell it. Those people are producers. They do not know how to take an override from the production of the United States. That is what is now being done in the cities.

Mr. LANGER. Mr. President, will the Senator yield for another question?

Mr. MALONE. I am happy to do so.

Mr. LANGER. Is it not true that in the Senator's own State of Nevada the wool industry, the sheep-raising industry, has been practically ruined by the importation of wool tops from Argentina? Not only are wool tops imported but the foreign currency is finagled so that the American farmer who produces wool and sheep is up against a currency which is not even honest.

UNITED STATES DOLLAR WORLD'S ONLY HONEST CURRENCY

Mr. MALONE. With the possible exception of the currency of Canada, there is no honest currency in the world today except the currency of the United States. All foreign countries manipulate their currency.

We talk about a dollar shortage. Long ago the junior Senator from Nevada called attention to the definition of a dollar shortage. What is it? One way to have a dollar shortage—and we can all have it—is to expend more during a year than we earn; but the current method of foreign nations in establishing dollar shortages, upon which they sell us a bill of goods, is to put the price of their currency in dollars above the market price. No one on earth except a silly Congress will pay the price.

Mr. LANGER. Mr. President, will the Senator yield further?

Mr. MALONE. I am happy to yield to my distinguished friend.

Mr. LANGER. Is it not true that at the very time our miners were stopped from working our gold mines in Nevada and Colorado, we continued to pay large sums for gold from Canada?

Mr. MALONE. We paid \$35 an ounce for the gold. The Canadians are pretty smart people. I very greatly admire them.

I delivered an address at Toronto before their national mining organization. I think it was in 1948. Before I got into the business end of the speech, I chided them a little by saying that they were pretty smart. I said, "You pay a subsidy of \$7.50 an ounce on gold to the goldminer; then we pay you \$35 for it, which makes \$42.50, and you can mine gold for \$42.50 an ounce, because we contribute \$35 and you contribute \$7.50."

Then I moved on to the subject of wheat. I chided them because of the fact that they were waiting for the authorization and appropriation of Marshall plan money, so that we would give

the money to England to pay cash for Canada's wheat.

I said, "This is wonderful. You are smarter than we are, and in the end you will be in better condition than we shall be."

Some resented my statement at the time, but financial writers said I was right. I was right. The Canadians ended up better than we did. Their dollar has been worth a premium over the American dollar about half the time during the past couple of years. Why? They are smart enough to write off taxes.

CANADA ENCOURAGES MINING INDUSTRY

One can operate a mine of any kind up there for 3 years, and let it get out of the red before it is taxed. We start taxing a man when he is looking for the outcrop. We do not even wait until he finds the mine; we start taxing him when he leaves town to look for it.

I am happy to say that yesterday this body approved a bill containing a reasonable depletion allowance of 15 to 23 percent for 32 minerals, which will be some concession to the taxpayer, although as the distinguished Senator from North Dakota has said, when there is no tariff or duty on importations of wheat, rye, or butter from other nations, we buy it at the same price, and then store ours and eat theirs.

The only difference in the case of a mineral, crockery, or watches is that the subsidy is collected in a different way.

Here they come. Foreign producers take the market, and the United States manufacturers or producers go out of business or have their production severely reduced. Their employees are scattered among other jobs, or go on unemployment relief.

FOREIGN INDUSTRY, TRADE, SUBSIDIZED AT TAXPAYERS' EXPENSE

Mr. President, I oppose this bill because it is being used to subsidize foreign industry and trade in competition with American industry, just as the distinguished Senator from North Dakota [Mr. LANGER] outlined in regard to agriculture. It places foreign industry in competition with American industries, investors, and workmen, and it is creating distressed areas in our Nation, and what amounts to a mild recession.

No one in Washington experiences a recession; we simply appropriate money. The brokers in New York have no recession, because they take an override. But if one goes into the farming areas, the mining areas the crockery production areas, or the motorcycle and bicycle-producing areas, not only will he find a mild recession, but he may find something he will not like. He will be asked a few embarrassing questions.

FOREIGN AID A HEAVY DRAIN ON STATES

I oppose this bill, Mr. President, because foreign aid has constituted a tragic drain on each and every one of our States.

Mr. President, the Council of State Chambers of Commerce this month prepared a valuable report on foreign aid extended during the postwar years. I have checked this report against official Government records and find it very accurate.

The Council of State Chambers of Commerce deplores the fact that—

Providing foreign governments with aid at the expense of American taxpayers no longer seems to receive the public attention it did in the early postwar years when the British loan, UNRRA, Greek-Turkish aid, and the Marshall plan were widely discussed.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. MALONE. I am happy to yield to the senior Senator from North Dakota.

Mr. LANGER. The Senator mentioned the British loan. I am sure the Senator remembers when the United States gave Great Britain \$3,750,000,000 for nothing. When a small group of Senators on the floor offered amendments to that bill, the Senator will remember we showed it would be possible to give a \$10,000 home to every veteran of World War II and still have money left from that \$3,750,000,000. Does the Senator remember that?

Mr. MALONE. I do remember it, although I was not in the Senate at that time. If I had been in the Senate, I should have joined with other Senators in bringing out that fact and in voting against the British loan.

Mr. LANGER. Does the Senator remember we said it would be possible to build free hospitals from one end of the United States to the other, to take care of the people, with that amount of money? Does the Senator remember that only 11 Senators voted against the British loan bill?

Mr. MALONE. That is about the number of votes we will get for this amendment, I think.

GIVEAWAY FUNDS WOULD HAVE PAID FOR PRESIDENT'S HIGHWAY PROGRAM

I will say further, if we had available the \$59 billion we have boondoggled away, including the last year's expenditure for this so-called foreign aid—it is given a new name every year, so that no one can understand it—we could build the roads the President is asking for. He suggested \$50 billion for roads over a period of 10 years. We could build the irrigation and flood-control projects and rivers and harbors improvements, for \$10 billion. We would then be, in my judgment, ahead, and everyone in the United States of America would be living better. We could build an invincible national defense, with and Air Force and everything else we need.

Mr. LANGER. Mr. President, will the Senator yield further?

Mr. MALONE. I am happy to yield to the distinguished Senator.

Mr. LANGER. Does the distinguished Senator from Nevada remember reading, although he was not in the Senate at that time, that the engineers—and the distinguished Senator was one of them, as I remember—showed we could build six 4-lane highways, 3 of them east and west, and 3 of them north and south, which would be large, excellent military highways of concrete, for less money than the \$3,750,000,000 we gave to Great Britain?

Today the President, after these years, is requesting additional billions of dollars to build roads. As a matter of fact, does the Senator not agree that

the high rate of mortality from automobile accidents is due to the fact that in place after place there are little, tiny, narrow roads? The roads are so narrow that in rainy weather the roads are slippery and, of course, automobiles collide. We would have been able to provide fine 4-lane highways with this amount of money.

UNITED STATES ROAD NEED TREMENDOUS

Mr. MALONE. Mr. President, I say, in answer to the distinguished Senator from North Dakota, we could have had those highways. Now those highways will cost a terrific additional amount of money.

I recall in 1917 and 1918, in World War I, when the junior Senator from Nevada had a battery of field artillery in France. We would start moving artillery across France, and we could not understand for a while why we had no trouble in moving the artillery. We found out later they had been building roads for 100 years.

I remember seeing a Frenchman who was maybe 70 years old, who was grey headed, sitting alongside of the road using about a pound hammer, hitting a stone, and about every third blow he would knock a piece off about the size of a quarter, but he would be doing that all the time; and the French people had been working in that way for 100 years, building roads.

I was told those roads had been built layer upon layer as they sank down into that mud. Some of the layers were six feet deep.

We ran that artillery across France without any trouble. We need that type of roads in this country. We may need them before we know it.

Mr. LANGER. Mr. President, will the Senator yield for another question?

Mr. MALONE. I am happy to yield to the Senator.

Mr. LANGER. I know the distinguished Senator was in Austria. Sometime ago I was there, and observed a beautiful road extending all the way from Vienna to Salzburg, which had been paid for completely by the American taxpayers. We could have used the money which went into that road to build roads in State after State after State here in the United States. Is that not right?

Mr. MALONE. Of course it is. We are now building irrigation, flood control, and power projects in Italy, France, and all over the world; when, as a matter of fact, there is no place in the world they are more needed than in this country.

If we will get our feet on the ground and take into consideration the United States of America and the Western Hemisphere, the area which we need to defend under all conditions, according to our military strategists, then we can become self-sufficient in everything we need and we can defend our hemisphere.

OVERPOPULATION OLD WORLD'S GREATEST PROBLEM

Mr. President, I say to the distinguished Senator from North Dakota we should build our roads and get everything set up right. We should pay some

attention to our own business, and let the rest of the world proceed as it has for 2,000 years—like a bunch of angle worms in a barrel.

Asia and Europe have nearly 77 percent of the population of the world. Overpopulation is their trouble. No one else can cure that trouble for them.

Mr. LANGER. Mr. President, does the Senator yield further?

Mr. MALONE. Yes, I am happy to yield.

Mr. LANGER. Has the distinguished Senator by any chance seen the \$43 million summer hotel which was built entirely with United States money near The Hague, where the people go to loaf and enjoy their leisure and the beautiful beaches there? Can the Senator tell us about any \$43 million summer resort hotel in the United States, built by the Government and donated to private owners?

Mr. MALONE. Mr. President, I wish to say to the distinguished Senator from North Dakota that the junior Senator from Nevada said to a Cabinet officer—I will not name him, because it was in executive session—that in the opinion of the junior Senator from Nevada, if every Cabinet officer were paraded before that committee with a world map and made to point out where they have spent foreign aid money in the past 22 years and where they are expending it today and what they are going to do with the money they are asking for, the people of this country would move on Washington; the people would not even wait for an election.

Mr. LANGER. Will the Senator yield further, Mr. President?

Mr. MALONE. I am very happy to yield to the Senator.

Mr. LANGER. The Senator will remember the 51 nations which signed the United Nations Charter, and how they were going to help us. The Senator will remember the speech of the late Senator Vandenberg in which he said, "We need allies. We need allies."

Does the distinguished Senator remember how many of the allies sent troops to Korea when we got into trouble there?

FOREIGN NATIONS TURN TO NEUTRALISM

Mr. MALONE. I will say to the distinguished Senator from North Dakota

there were more allies that sent troops to Korea than will ever send troops anywhere again. Those countries are going to be neutral in world war III. Of course they will be neutral, or some of them worse than neutral. That is the way things are going to work out.

The distinguished Senator from North Dakota voted against Senator Vandenberg's plan I am sure.

I will say to the Senator from North Dakota the junior Senator from Nevada is not embarrassed to mention this now, because he stood flatfooted and debated the matter with the Senator from Michigan, and said: "If we sign this North Atlantic pact we are guaranteeing the integrity of the colonial system throughout the world. We are guaranteeing to hold what are called colonies in slavery for the empire-minded nations." The Senator from Michigan said "No," he did not understand it that way.

The junior Senator from Nevada then said, "I will tell you how it looks to me. We are guaranteeing to go to war when the colonial-minded nations, England, France, the Netherlands, and Belgium become involved in war. We have no control of the reasons for those countries getting into war. Why do they get into war? Those countries go to war to defend their colonial possessions."

Mr. President, I wish to say to the distinguished Senator from North Dakota that every man, woman, and child in America knows that is true now. I ask the distinguished Senator from North Dakota if that fact is not clear?

Mr. LANGER. Of course it is clear. It is clear now.

Mr. MALONE. It was clear then, too.

CONGRESS APPROVES FOREIGN BOONDOGGLES

Mr. President, I was among those who discussed on the floor of the United States Senate and opposed the proposal for Greek-Turkish aid, the Marshall plan, ECA, and subsequent proposals, but the foreign forces then were too strong. They have remained strong. Every foreign aid and boondoggle request that has been presented to the Congress has been approved, and today the amounts voted add up to a fearful total.

I ask unanimous consent that a table showing the total in grants and credits

voted by the Congress since July 1, 1945, be printed in the RECORD at this point.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Foreign-aid funds provided during postwar period from July 1, 1945, to date

	Million
Grants paid out July 1, 1945, to June 30, 1953.....	\$34,366
Grants unexpended as of June 30, 1953.....	10,500
Appropriations provided for fiscal year 1954.....	5,200
Total grants.....	50,066
Less returns on grants to June 30, 1953.....	1,348
Net aid in grants.....	48,718
Loans paid out July 1, 1945, to June 30, 1953.....	11,051
Loans authorized but not paid out as of June 30, 1953.....	2,003
Total loans.....	13,054
Less principal collected on loans to June 30, 1953.....	2,421
Net aid in loans.....	10,633
Total net aid provided.....	59,351

FOREIGN STATE COSTS TO EACH STATE LISTED

Mr. MALONE. Mr. President, the costs of this international boondoggle have been enormous. The costs to the taxpayers have been enormous. The costs to the 48 States and to the Territories of Alaska, Hawaii, and the District of Columbia have been enormous.

These costs have been broken down in a table prepared by the Council showing the proportionate share borne by each State in the postwar period from July 1, 1945, to June 30, 1954, and what the proportionate share would be for the coming fiscal year based on the President's original foreign-aid request for \$3,448,000,000.

I ask unanimous consent that these tables be printed in the RECORD at this point in my remarks.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

Cost of foreign aid to the States for the 10 postwar years July 1, 1945, to June 30, 1955

	Funds provided July 1, 1945, to June 30, 1954			Funds requested for fiscal year 1955			Funds provided and requested July 1, 1945, to June 30, 1955
	Economic	Military	Total	Economic	Military	Total	
Alabama.....	\$360,020,000	\$198,340,000	\$558,360,000	\$8,676,200	\$23,735,000	\$32,411,200	\$590,771,200
Arizona.....	157,030,000	86,510,000	243,540,000	3,784,300	10,352,500	14,136,800	257,676,800
Arkansas.....	187,670,000	103,390,000	291,060,000	4,522,700	12,372,500	16,895,200	307,955,200
California.....	3,492,960,000	1,924,320,000	5,417,280,000	84,177,600	230,280,000	314,457,600	5,731,737,600
Colorado.....	421,300,000	232,100,000	653,400,000	10,153,000	27,775,000	37,928,000	691,328,000
Connecticut.....	697,060,000	384,020,000	1,081,080,000	16,798,600	45,955,000	62,753,600	1,143,833,600
Delaware.....	191,500,000	105,500,000	297,000,000	4,615,000	12,625,000	17,240,000	314,240,000
Florida.....	528,540,000	291,180,000	819,720,000	12,737,400	34,845,000	47,582,400	867,302,400
Georgia.....	501,730,000	276,410,000	778,140,000	12,091,300	33,077,500	45,168,800	823,308,800
Idaho.....	107,240,000	59,080,000	166,320,000	2,584,400	7,070,000	9,654,400	175,974,400
Illinois.....	2,933,780,000	1,616,260,000	4,550,040,000	70,701,800	193,415,000	264,116,800	4,814,156,800
Indiana.....	942,180,000	519,060,000	1,461,240,000	22,705,800	62,115,000	84,820,800	1,546,060,800
Iowa.....	482,580,000	265,860,000	748,440,000	11,629,800	31,815,000	43,444,800	791,884,800
Kansas.....	421,300,000	232,100,000	653,400,000	10,153,000	27,775,000	37,928,000	691,328,000
Kentucky.....	398,320,000	219,440,000	617,760,000	9,599,200	26,260,000	35,859,200	653,619,200
Louisiana.....	413,640,000	227,880,000	641,520,000	9,968,400	27,270,000	37,238,400	678,758,400
Maine.....	149,370,000	82,290,000	231,660,000	3,599,700	9,847,500	13,447,200	245,107,200
Maryland.....	716,210,000	394,570,000	1,110,780,000	17,260,100	47,217,500	64,477,600	1,175,257,600
Massachusetts.....	1,225,600,000	675,200,000	1,900,800,000	29,536,000	80,800,000	110,336,000	2,011,136,000
Michigan.....	2,106,500,000	1,160,500,000	3,267,000,000	50,765,000	138,875,000	189,640,000	3,456,640,000

Cost of foreign aid to the States for the 10 postwar years July 1, 1945, to June 30, 1955—Continued

	Funds provided July 1, 1945, to June 30, 1954			Funds requested for fiscal year 1955			Funds provided and requested July 1, 1945, to June 30, 1955
	Economic	Military	Total	Economic	Military	Total	
Minnesota.....	\$651,100,000	\$358,700,000	\$1,009,800,000	\$15,691,000	\$42,925,000	\$58,616,000	\$1,068,416,000
Mississippi.....	183,840,000	101,280,000	285,120,000	4,430,400	12,120,000	16,550,400	301,670,400
Missouri.....	1,007,290,000	554,930,000	1,562,220,000	24,274,900	66,407,500	90,682,400	1,652,902,400
Montana.....	118,730,000	65,410,000	184,140,000	2,861,300	7,827,500	10,688,800	194,828,800
Nebraska.....	302,570,000	166,690,000	469,260,000	7,291,700	19,947,500	27,239,200	496,499,200
Nevada.....	57,450,000	31,650,000	89,100,000	1,384,500	3,787,500	5,172,000	94,272,000
New Hampshire.....	99,580,000	54,860,000	154,440,000	2,399,800	6,565,000	8,964,800	163,404,800
New Jersey.....	1,306,030,000	719,510,000	2,025,540,000	31,474,300	86,102,500	117,576,800	2,143,116,800
New Mexico.....	118,730,000	65,410,000	184,140,000	2,861,300	7,827,500	10,688,800	194,828,800
New York.....	5,595,630,000	3,082,710,000	8,678,340,000	134,850,300	368,902,500	503,752,800	9,182,092,800
North Carolina.....	540,030,000	297,510,000	837,540,000	13,014,300	35,602,500	48,616,800	886,156,800
North Dakota.....	84,260,000	46,420,000	130,680,000	2,030,600	5,555,000	7,585,600	138,265,600
Ohio.....	2,416,730,000	1,331,410,000	3,748,140,000	58,241,300	159,327,500	217,568,800	3,965,708,800
Oklahoma.....	390,660,000	215,220,000	605,880,000	9,414,600	25,755,000	35,169,600	641,049,600
Oregon.....	383,000,000	211,000,000	594,000,000	9,230,000	25,250,000	34,480,000	628,480,000
Pennsylvania.....	2,841,860,000	1,565,620,000	4,407,480,000	68,486,600	187,355,000	255,841,600	4,663,321,600
Rhode Island.....	199,160,000	109,720,000	308,880,000	4,799,600	13,130,000	17,929,600	326,809,600
South Carolina.....	260,440,000	143,480,000	403,920,000	6,276,400	17,170,000	23,446,400	427,366,400
South Dakota.....	91,920,000	50,640,000	142,560,000	2,215,200	6,060,000	8,275,200	150,835,200
Tennessee.....	448,110,000	246,870,000	694,980,000	10,799,100	29,542,500	40,341,600	735,321,600
Texas.....	1,616,260,000	890,420,000	2,506,680,000	38,950,600	106,555,000	145,505,600	2,652,185,600
Utah.....	130,220,000	71,740,000	201,960,000	3,138,200	8,585,000	11,723,200	213,683,200
Vermont.....	61,280,000	33,760,000	95,040,000	1,476,800	4,040,000	5,516,800	100,556,800
Virginia.....	555,350,000	305,950,000	861,300,000	13,383,500	36,612,500	49,996,000	911,296,000
Washington.....	616,630,000	339,710,000	956,340,000	14,860,300	40,652,500	55,512,800	1,011,852,800
West Virginia.....	279,590,000	154,030,000	433,620,000	6,737,900	18,432,500	25,170,400	458,790,400
Wisconsin.....	788,980,000	434,660,000	1,223,640,000	19,013,800	52,015,000	71,028,800	1,294,668,800
Wyoming.....	61,280,000	33,760,000	95,040,000	1,476,800	4,040,000	5,516,800	100,556,800
District of Columbia, Alaska, Hawaii, etc.....	658,760,000	362,920,000	1,021,680,000	15,875,600	43,430,000	59,305,600	1,080,985,600
United States total.....	38,300,000,000	21,100,000,000	59,400,000,000	923,000,000	2,525,000,000	3,448,000,000	62,848,000,000

WHY VOTE ANY FOREIGN AID AT ALL?

Mr. MALONE. Mr. President, the projection of the foreign-aid burden that will have to be borne by each State during the coming fiscal year if pending foreign aid legislation passes was based, as I stated before, on the original \$3,447,708,000 request.

The House of Representatives shaved it slightly to \$3,338,208,000, and the Senate Finance Committee, of which I am a member, recommended a further reduction to \$3,100,000,000. I am opposed to authorizing any amount at all.

This is not a \$3,447,708,000 bill, or a \$3,338,208,000 bill, or a \$3,100,000,000 bill. It is a \$13,079,000,000 bill as it comes from the Senate committee; a \$13,317,208,000 bill as it came from the House.

It authorizes \$3.1 billion or \$3.3 billion in new money, and extends the authorization of \$9,979,000,000—almost 10 billion—voted by the Congress in previous years and which has not been expended.

BILLIONS VOTED SIGHT-UNSEEN WITH NO KNOWLEDGE WHERE AID GOING

Mr. President, the Senate should pause and think for a minute. Ten billion dollars is almost three times as much as was required to operate whole Government for 1 year in 1932. It is almost enough money to have operated the Government 3 years as of that period.

Now we are in a rut. We jump through the hoop. We appropriate \$3.1 billion for foreign nations, and do not even look at the list of things for which it is to be expended.

Mr. President, how can Members of a distinguished body of men such as this be put in that frame of mind? It is a deep mystery to the junior Senator from Nevada how Senators who represent producing States can be in such a frame of mind when their working men are being turned out into the streets, and placed in direct competition with the slave labor of the world, which is building up more and more competition for

them each year. To top it all off, we are arming our potential enemies.

THIRTEEN BILLION DOLLARS WOULD BUILD NECESSARY PLANES

We are not discussing \$3 billion-plus of additional foreign aid. We are talking about \$13 billion of taxpayers' money. That is what my amendment would provide for the Air Corps to manufacture planes—planes we must have for defense—and to make available the metal without which we cannot make the highest efficiency planes, which we do not have at this time.

Mr. LANGER. Mr. President, will the Senator yield for a question?

Mr. MALONE. I am happy to yield.

Mr. LANGER. If Russia were governing the fiscal policy of this Government, could she do a better job, from her standpoint, than are the men who are now in charge of it?

AMERICAN LEGION CONVENTION RECALLED

Mr. MALONE. They could not possibly do a better job. In 1948, the junior Senator from Nevada attended the national convention of the American Legion in New York, where the State Department was prevailing upon the Foreign Relations Committee of the organization to approve its program. The junior Senator from Nevada worked for 3 days with that committee in New York and could not stop its action. The chairman of the committee, supported by the State Department, said he would rewrite the resolution any way the junior Senator from Nevada suggested, but that the Marshall plan would be approved. I said, "If you are going to approve the Marshall plan, it does not matter how you write it."

The resolution came to the floor the last day of the convention. The delegates were in a big barnlike building, with no air conditioning, and the temperature was 110. They had gone through 4 days of this and, with their collars unbuttoned and their suspenders

down, they wanted to pass the resolutions and get away.

The junior Senator from Nevada took the microphone away from someone and occupied about 10 minutes in saying: "I have been with you too long—more than 30 years—in your national conventions and in our State conventions, to let you think that I am going back on the Senate floor and support the resolutions you are about to pass. I will not do it."

In 1949, if I am correct in my recollection as to the date, the New York department invited me to make one of the principal addresses before the American Legion convention in Los Angeles. I spoke for 30 minutes before that convention and, apropos of the remark of the Senator from North Dakota [Mr. LANGER], after describing Mr. Acheson, the junior Senator from Nevada closed his remarks by saying that he never did say that Mr. Acheson was a traitor to this country. All he ever said about him was that he could not possibly have done a better job on us if he were.

UNEXPENDED FOREIGN AID FUNDS WOULD WIPE OUT DEFICIT

The American Legion never adopted any resolutions on this program, either then or since. It has adopted resolutions opposing it.

So we are not talking about \$3 billion, plus more foreign aid; we are talking about \$13 billion of the taxpayers' money.

I propose to save that money by amending the pending measure and returning the unexpended balance of previous foreign-aid appropriations either to the general fund of the Treasury or to the taxpayers. The amendment I have submitted would make it available for our own national defense.

TAXPAYERS DESERVE RETURN OF UNUSED BALANCE

The \$9,979,000,000 could be used to wipe out the deficit which now exists. It could be used to obviate any need or demand to raise the debt limit. Or it

could be applied as a windfall for the Nation's taxpayers, prorated to the States in proportion to their past foreign-aid contributions.

Mr. President, we have heard a great deal about windfalls these past few weeks, but we have never heard, in all our years in the United States Senate, of any windfall going to the taxpayers.

If, however, there is a desire on the part of our Government to retain this money it could be reappropriated and applied to a real defense purpose—expansion of our air strength; and I mean expansion of our strength through construction of airplanes in the United States, not in Great Britain, which would give this Nation real security.

Mr. President, the bill we are considering now contains some very strange language, language that is both strange and vague.

The purpose of the proposed \$13 billion legislation, as stated in title I, chapter I is "to achieve international peace and security through the United Nations so that armed force shall not be used except in the common defense."

Mr. President, that is the exact wording. The expressed purpose is to achieve peace and security through the United Nations by assuring that armed force shall not be used except in the common defense.

FOREIGN AID BENEFICIARIES TRADE WITH RUSSIA—RED CHINA

Soviet Russia is a member, and a very noisy and belligerent member, of the United Nations. Is our military assistance, to which title I, chapter I, applies, to be used in the common defense of Soviet Russia?

At the moment, the European members of the United Nations have already said they are going to trade without stint with Russia and with Communist China, and with every other nation on the face of the globe, regardless of its Communist leanings.

Soviet Russia's Communist satellites are members of the United Nations. Are these funds to be used in their common defense?

AIDED NATIONS BACK RED CHINA FOR UNITED NATIONS ENTRY

Red China expects to be a member of the United Nations in the not too distant future, and is being warmly backed by both France, which she has just defeated in Indochina, and by Great Britain.

Mr. President, this morning the Senate adopted another resolution which is meaningless, because in my opinion we have never changed a commitment of the State Department to allow Great Britain and France to recognize Communist China, although not with our vote. The United States would vote perfunctorily against it.

It was in 1950, I believe, when a conference was held between representatives of Great Britain, Canada, and the United States, that I said in the Senate, when the Senate was meeting in the old Supreme Court Chamber, that at that moment we had committed ourselves to go along with England in the devaluation of her currency and in the recognition of Communist China. That statement was denied. As soon as the representatives

of Great Britain had returned home, the currency of Great Britain was devalued, thereby destroying utterly the effect of any trade agreements the United States had ever made with Great Britain.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. MALONE. I am happy to yield.

Mr. LANGER. Has the distinguished Senator from Nevada found any difference at all between the foreign policy of the Truman-Acheson regime and that of the administration of Dwight Eisenhower and Secretary Dulles? If so, I should like to have him state what the difference is.

Mr. MALONE. There is no difference, except that the present administration is more effective in carrying out the policy.

Mr. LANGER. Did not the American people go to the polls and demand a change as recently as the last general election? Has that change taken place?

Mr. MALONE. I may say to the Senator from North Dakota that I thought the people had demanded a change; at least, they made a change. But we are being led to believe, according to current events, that the people wanted to carry on the same policy under a new set of faces. I do not believe that is true. I think we shall find that out in due time.

To continue with my comments about Mr. Acheson, some of us raised so much criticism that the government postponed, at least, the recognition of Communist China. Great Britain recognized Communist China, but the United States did not go along with her, although I am as certain now as I was at that time that the United States had agreed to such recognition. But our government was afraid to recognize Communist China, because the people would not have liked it.

A year or so later Mr. Acheson made a hasty trip to Europe, as Mr. Dulles now makes many of them, covering a lot of countries. When Mr. Acheson returned, there was a joint meeting of Congress. We listened to an hour's speech by that distinguished gentleman. Nothing was said in that one-hour speech that we had not heard 50 times before—not one thing. He led up to it fast, and he got away from it fast, like a master of ceremonies at an Elks' Club. He said, as he was going along, in the same tone of voice, that the United States would not use the veto to prevent the recognition of Communist China. He went right on, but I caught that statement. Probably others did, too, but I was the only one who mentioned it on the Senate floor.

POLICY TOWARD RED CHINA UNCHANGED

That policy was never changed under Acheson or his regime. I believe the United States now is committed not to use the veto to prevent the recognition of Communist China, and that we will go along with such recognition if we are outvoted in the United Nations. Whenever the other members of the United Nations see fit to bring up the question, when they have succeeded in battering down American opinion to the right consistency, whenever there are enough businessmen clamoring for trade with Soviet Russia and Communist China,

suddenly the question of recognition of Communist China will be brought up in the United Nations, and at that time no questions will be raised about it. Our Government will merely say, "Well, Communist China is in; there is nothing we can do about it."

The junior Senator from Nevada was a special consultant to the Senate Committee on Military Affairs in 1942. In 1945 I was sent to San Francisco as an observer of the proceedings which resulted in the United Nations Organization. On my way back to Washington, and while I was passing through Denver, someone asked what I thought about the United Nations. The reply I made was that there were 49 nations in attendance at San Francisco. Forty-eight nations had a market basket on each arm, but there was only one nation with anything to put into the baskets.

FOREIGN AID LIKE COCKTAIL HABIT

The situation has not changed. We are subject to a division of our wealth. This worldwide WPA is only one method. The other is free trade, the idea of having commodities produced by sweatshop labor abroad come into the United States and displace the products of American workers, thereby gradually lowering the living standards of the people of America, and depriving them of a feeling of security, well-being, and prosperity.

The situation is something like that of a person who starts to drink cocktails. He feels so good, he neglects to count the number he takes. Everything seems fine. The next morning he has a headache, and that takes all the fun away. That is what the United States is headed for.

It is true that France and Britain have told Communist China that she must wait a bit, until tempers in the United States cool a little, but they have promised Red China a seat in the United Nations in due course.

Is the military assistance we are being asked to vote today to be used in the common defense of Red China, once she gains her promised seat in the United Nations?

FOREIGN TRADE WITH COMMUNISTS PROMOTED WITH UNITED STATES AID MONEY

In the past, foreign aid has gone to Soviet Russia, to all of her satellites, and to Red Mongolia, before she expanded into Red China, and the Senate now has before it a bill which in the very expression of its language implies more—much more—of the same.

In other words, all we are doing is to build up the industries of foreign countries which manufacture goods which are sent to the satellites of Russia, to Soviet Russia herself, and to Red China. We donate the money; they sell the goods.

FIFTY-NINE BILLION DOLLARS SPENT; NOTHING IN RETURN

This has not brought common defense. It has not brought an end to use of armed force. It has not bought anything, in my opinion, except envy, ill will, humiliation, and appeasement.

Certainly it has not bought us any friends.

Today, with a second-rate air strength, we are less secure than we have even been in our history.

Given the foreign aid funds we have been authorizing during the past 5 years, we could double our air strength in the next 5 years.

And America is the only safe base of our security; not Europe or Asia.

The plain and bitter facts are, Mr. President, that we have paid out \$59 billion for security, or have funds available to pay out that amount. Most of the \$59 billion already has been spent by foreign nations, and it has bought only a hollow shell.

AID RECIPIENTS FAILED IN DEFENSE EXPECTATIONS

I quote this comment from the Council of State Chambers of Commerce report which I referred to previously in my remarks:

When the military-assistance program was originated in 1949, the proponents of the program argued that it was necessary if the defenses of free Europe were to be strengthened against the threat of Soviet aggression.

The premise taken was that the Western European nations were willing and anxious to work mutually for defense but that their economics could not stand the effort required without American financial assistance.

It would appear that these conditions of willingness but inability should be reexamined by the Congress before approving another round of aid to these countries.

The failure of France and Italy to ratify EDC, and the general performance of our allies, excepting Turkey, in the Korean war raise serious questions as to the willingness on the part of our military-aid beneficiaries to mutually oppose Communist aggression.

We read in the newspapers that we are threatening to withhold aid to Italy and France until they sign the EDC. If we are able to blackmail them into signing such a confession before we give them the money, they would never keep their promises and would not have any intention of keeping their promises. There was a secret document presented to this country at least 2 years before the present administration came into office, which came from England, saying that a foot army would not work, and they would not be in favor of it. Of course, they will not join up.

Now continuing to read from that quotation:

Moreover, the general economic improvement in Western Europe since 1949 indicates that it is appropriate to look again into the ability of these countries to provide a larger share of their own resources for defense.

The council takes such a look and shows the increase in gross national product of the NATO countries since 1949.

I ask unanimous consent that a table showing this growth by countries with indexes based on the fiscal year ended June 30, 1953, as 100, be printed in the RECORD at this point in my remarks.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Index of gross national product by calendar years

	1949	1950	1951	1952	1953
Belgium-Luxembourg.....	91	101	101	102	101
Denmark.....	90	97	97	98	102
France.....	90	97	101	101	99
Germany.....	65	78	92	98	104
Greece.....	86	89	96	94	106
Italy.....	80	88	96	98	105
Netherlands.....	91	96	97	98	102
Norway.....	89	96	98	99	101
Portugal.....	80	90	99	98	102
Spain.....	68	74	89	101	99
Turkey.....	61	77	90	97	103
United Kingdom.....	92	96	99	98	102
Total NATO plus Germany.....	84	92	97	99	102
United States.....	82	89	95	98	102

Mr. MALONE. Mr. President, I now ask unanimous consent that a table showing the percentage of gross national product spent by these nations on defense, and the percentage of total government expenditures spent by these nations on defense, including United States expenditures for defense, be printed in the RECORD at this point in my remarks.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

	Percent of gross national product spent on defense			Percent of total government expenditures spent on defense		
	1952	1953	1954	1952	1953	1954
Belgium-Luxembourg.....	4.7	5.9	6.6	18.6	21.7	23.9
Denmark.....	2.5	2.9	3.9	17.9	19.6	26.0
France.....	8.8	10.5	10.4	33.4	37.7	36.8
Germany.....	6.9	6.4	6.0	25.4	22.7	21.2
Greece.....	7.9	7.1	7.1	34.7	32.1	30.2
Italy.....	4.9	4.6	4.5	23.7	20.6	20.5
Netherlands.....	5.3	5.3	6.7	21.4	20.0	24.7
Norway.....	3.5	4.7	5.2	19.8	25.0	27.3
Portugal.....	3.0	3.7	4.0	27.0	31.5	33.3
Spain.....	3.9	4.1	4.3	38.8	37.5	35.1
Turkey.....	6.2	6.2	6.9	40.2	40.0	40.0
United Kingdom.....	9.8	11.0	10.6	31.5	35.5	36.9
Yugoslavia.....	16.7	18.5	16.2	77.9	79.6	80.0
Total NATO plus Germany.....	7.5	8.3	8.2	-----	-----	-----
United States.....	12.8	13.8	13.2	66.3	67.3	67.8

FOREIGN AID USED TO CONCEAL FOREIGN POLICY FAILURES

Mr. President, the professed purposes of foreign aid have been, as I have stated, to achieve international peace and security, and in those purposes our aid programs have failed, as they were bound to fail.

The real purpose of the various foreign aid boondoggles, in the opinion of the junior Senator from Nevada, was to conceal the ghastly failures of two previous administrations in foreign policy, and to conceal them under a blanket of taxpayers' dollars.

It cannot be done.

Our foreign policymakers in World War I tried that then, and it could not be done.

During and after World War I we loaned foreign nations—many of the same nations we have been giving billions to since World War II—slightly more than \$11 billion.

SEVENTEEN BILLION DOLLARS STILL OWED UNITED STATES FROM WORLD WAR I

Today these same nations owe us on the World War I debt the sum of \$17,-151,479,717.22.

In the 36 years since that conflict foreign debtors paid us back in principal and interest, mostly interest, just a little more than \$2¼ billion, and, as I have stated, they still owe us more than \$17 billion, or \$6 billion more than they legally borrowed from us, on their World War I debt alone.

Three and a quarter billion dollars of the \$11 billion in loans was borrowed after World War I, but, of course, before the outbreak of World War II.

They have not paid that back, either. Furthermore, they are not going to.

Our post-War I foreign aid was on much the same theory as that on which we have advanced them more than 45 billion taxpayers' dollars since World War II—it would encourage economic recovery and keep the peace, or so the proponents said.

Then the slogan was "save Europe," and not only our Government, but many of our biggest private bankers, rallied behind that.

Came the depression, and the bankers were stuck, too.

The slogan was "save Europe," but Europe was not saved, unless one considers that we saved it for World War II.

The slogan since World War II has been "save the world."

INDOCHINA COST UNITED STATES ALMOST \$3 BILLION

Saving the world, or pretending to save the world, is even more costly to American taxpayers than pretending to save Europe with our dollars.

Dollars do not save foreign nations.

But dollars paid out of taxpayers' pockets in never-ending giveaways to foreign countries, governments, and industries can wreck the United States, and that is one reason I am against this program and this bill.

The United Press reports that American foreign aid costs in Indochina up to this week, when France threw in the towel, amounted to \$2,997,000,000—our money. That is \$3 billion less \$3 million.

We have in fact, been bearing 65 percent of the dollar cost of that futile war.

In the opinion of the junior Senator from Nevada, we were very fortunate to lose only these \$2,997,000,000. Had the counsels of some of our State Department experts been followed, we would have lost not only money, but the lives of thousands of our sons.

American manhood was not defeated in Indochina; French and native forces supplied that.

But American dollars were defeated, and they have been taking defeats all around the world, and for 36 years.

The Indochina foreign aid debacle reappeals in some measure the foreign aid story after World War I.

EIGHT OF 17 NATIONS AIDED AFTER WORLD WAR I NOW COMMUNIST

Then we handed out aid lavishly to 17 Old World nations following Germany's surrender. We did it on the premise that it would help these nations achieve security and peace.

Eight of these 17 nations, or more than half, are now behind the Iron Curtain under Communist dictation.

Commencing with Soviet Russia itself, they are Poland, Rumania, Hungary, Czechoslovakia, Latvia, Lithuania, and Estonia. Austria, to which we also extended post World War I foreign aid, is partly Communist occupied, and Yugoslavia is Communist, but not behind the Iron Curtain. At least it has its hand out from the Curtain and still is receiving American aid.

During and after World War I, when we were saving Europe for World War II, we advanced Great Britain \$4,277,000,000 in cash and aid, and France, the real sufferer in that conflict, \$3,404,818,945. These were 100-cent dollars.

Our last World War I foreign-aid loan was made in 1929, 11 years after the World War I armistice, which was \$12,167,000 to Greece.

Foreign aid after World War I brought neither peace nor security, nor did it win gratitude from foreign debtors.

As early as 1920, the British were formally complaining because the United States asked them to pay back some of the money they had legally borrowed from the United States or, if they could not pay it back, to at least keep up the interest.

Two years later Lord Balfour, to all effects, repudiated Britain's World War I war and postwar debt to the United States in a celebrated and insulting letter to all of our European debtors, suggesting that we be welshed on.

We were.

WORLD WAR II AID TO ALLIES COST \$49 BILLION

But 9 months before Pearl Harbor we were back in the business of bankrolling England again, and we have been siphoning dollars from the pockets of our taxpayers to the Bank of London ever since.

We resumed substituting dollars for diplomacy and commonsense in March 1941 when President Roosevelt signed the Lend-Lease Act and bought us into the war.

During World War II we extended \$49,224,000,000 in grants and credits, of which \$49,100,000,000 was in lend lease. The British Commonwealth got the most, as it always does, \$31,384,810,000; Soviet Russia received \$10,982,089,000, and France, \$2,600,000. The remainder was divided between the 62 other nations of political entities.

Since World War II more foreign aid has been provided for foreign countries, as shown in the table included in the RECORD earlier in these remarks.

SOME WORLD WAR II AIDED ALLIES GO COMMUNIST

Czechoslovakia received \$189 million in the early postwar years, and went Communist. Poland received \$441 million, and was surrendered to the Communists by the allies, including the United States and Great Britain, against her

will. Soviet Russia was granted \$440 million. Combined with the aid to Poland and Czechoslovakia, which she gobbled up, the Communist take of American aid to Europe amounted to \$1,070,000,000.

Russia later on was invited to participate in the Marshall plan, but declined.

She also was invited by the State Department to participate in trade agreement negotiations at Geneva in 1947, but declined this invitation also, although Czechoslovakia did accept.

FIRST MARSHALL PLAN INCLUDED RUSSIA

Mr. President, I quote from an official report on foreign aid prepared by the Bureau of Foreign and Domestic Commerce in 1952 on the genesis of the Marshall plan:

The Marshall plan as outlined in the Harvard address (Secretary of State George C. Marshall's speech at Harvard University in June 1947) was to open to all European nations that wished to join in a common constructive effort for economic recovery.

Russia and her eastern European satellites received invitations from the group of, which—following the suggestion of the speech—organized in a collective group to establish a joint plan for economic recovery.

However, Russia refused to become a member and took active steps to prevent the participation of the satellite nations. Consequently membership was confined to 16 Western European nations and their dependent areas.

Mr. President, had Russia and her satellites accepted the invitations to participate in the Marshall plan, we would perhaps today be debating a bill calling for twice the amount of foreign aid asked for in this measure.

WESTERN TRADE WITH COMMUNISTS BOOSTED

Our foreign aiders, like our foreign traders, do not seem to care whom they aid or trade with so long as they can drain off part of our wealth and economy to pour into foreign countries.

The foreign traders even today are urging greater East-West trade, and with considerable success, thanks to the Foreign Operations Administration, which is working on ways to promote it without incurring the wrath of the American public.

The foreign traders and freetraders are cautious about advocating all-out aid to the Soviet bloc, but they did do so during the postwar period before the American people were fully awake to the Communist danger.

The foreign aiders and foreign traders—they are virtually identical—have one prescription for all international ills, including those of their own making.

It is money, money, money—money taken from the pockets of American taxpayers and turned over to foreign countries to do as they choose with it—even should the choice be that of France in Indochina—to leave it in the jungles and rice paddies.

THE FOREIGN DIVISION POLICY

The junior Senator from Nevada for many years has sought to determine what is the actual foreign policy of our State Department.

One facet of that policy is glaringly apparent. It is the policy of dividing disputed areas of the world with the Communists.

Korea was divided with the Communists, immediately after World War II, and again a year ago.

Germany was divided with the Communists, and, as a division within a division, Berlin was divided with the Communists.

Austria and Vienna were divided with the Communists. Trieste is divided.

Japan's lesser islands were divided with the Communists. Those to the north pointing toward Alaska were given to Soviet Russia; those to the south remain non-Communist.

China was intended to be divided between Nationalists and Communists, the division to extend even to the military forces, a plan vigorously supported by both Acheson and General Marshall, as House Foreign Affairs Committee transcripts show.

The Communists, however were not content with division, but overran the entire mainland when we backed out on the non-Communist Chinese.

Although we officially had no part in it, the division principal now applies to northern Indochina.

DOLLARS USED TO COVER DIPLOMATIC BLUNDERS

The second facet of our foreign policy that is apparent is that we must rush in billions to plug the breach made by every ghastly diplomatic blunder.

The junior Senator from Nevada recalls how, when we were losing China to the Reds, we were presumably saving the world with UNRRA.

UNRRA was but one of many schemes to save the world by tapping American taxpayers for their dollars.

In April 1947 I discussed UNRRA in a debate on the Senate floor. I commented then, and I would not change one word of that comment now, 7 years later, that:

The experts told us that if we voted huge sums for UNRRA we would succeed in buying the good will of suffering people everywhere. Now we know that UNRRA was a great failure not only in reaching the objective of peace, but much of its funds were misdirected.

Another big help-everybody deal was hatched at Bretton Woods.

A FURTHER REFERENCE TO WHITE

The junior Senator from Nevada commented on Bretton Woods also in his floor remarks of more than 7 years ago. He said:

When the Bretton Woods agreement was written, we were told that this would solve the economic difficulties of the world so that unilateral actions in the way of loans by the United States would be unnecessary. We were told that this would bail the world out of its impending economic chaos. Now we know that this, too, has to date been a failure.

As a result we were asked to give a gigantic loan to Great Britain (\$3,750,000,000).

Here again, we were assured by the highest authorities of the administration that this unilateral action on the part of the United States was absolutely necessary in our own interests.

It was painstakingly explained by Mr. Morgenthau and Mr. White that the loan was necessary for the purpose of revitalizing British industries in order to buy the necessary machinery, and so forth, for their rehabilitation.

Mr. President, I digress briefly from this quotation to note that the Mr. White referred to was Harry Dexter White, whom I have previously discussed today in my remarks.

I now resume my quotations from my remarks of April 21, 1947:

We were promised—

I said at that time—

that the British currency bloc which now acts to exclude American business—

It still does—

in large sections of the world would be dissolved.

Mr. White—

The same Mr. White—

told the Committee on Banking and Currency that if we committed ourselves to the loan, England would be willing to assume the risk of selling her products in fair competition with the exporters of other countries. He told us that she—

Meaning Britain—

is willing to commit herself to our program of fair currency and trade practices in order to encourage an expansion in world trade.

That is the end of Mr. White's assurances.

"What is the result?" I asked in that floor speech of 1947. The answer given then is precisely the same answer I would give today. I said:

British discrimination against American trade has continued in full force just as before. Her actions constitute a conspiracy or restraint against the American exports just as surely as did those of Nazi Germany.

The rigid system of licensing which is operated by the British Government is directed specifically against our trade in view of the fact that we are the great exporting nation in the world.

The sterling bloc system is one by which the British pound is artificially overvalued by more than twice and by which American goods can be successfully kept out of great world markets which the British seek to dominate and control.

It still is, Mr. President, despite the billions we have given Britain in foreign aid.

FORTY BILLION DOLLARS ADDED IN FOREIGN AID SINCE 1947 FLOOR SPEECH

I said then, and that was in 1947, that the United States had, in various forms, put out approximately \$17 billion in support of the nations of the world since the war ended.

In the 7 years since my speech of 1947 we have topped that figure by \$40 billion, and we are still being asked to put out.

In an address before the Young Republican National Federation at Milwaukee, Wis., I discussed the five ways that had been invented up to that time to siphon the taxpayers' money out of the Treasury and into the pockets of foreign nations. Of course, more ingenious methods were discovered by the fair dealers later, but five had been invented by 1947. I said:

First, comes the direct appropriation by Congress loaned to a foreign nation; the Greek-Turkey loan is an example. Second, there is the financing through the Export-Import Bank, as in the case of the loan to Mexico. Third, treaties like the Italian agreement just ratified by the United States

Senate in which it is provided that raw materials from Russia are processed by the Italian workers without wages of any kind as reparations payments, leaving someone (meaning Uncle Sam) to feed them while they are doing slave work for the Russians during a period of 7 years. Fourth, the World Bank is set up to sell securities to the investors of this Nation, whose money is then loaned to the foreign nations, with every prospect that thousands of small investors in this country will lose as in the case of the English investors through the Bank of England when the same thing was tried there many years ago.

The fifth method, even more dangerous than the first four is the proposal by the State Department to divide the markets of this country with the foreign nations through the so-called reciprocal trade program.

It was only a State Department proposal then, but several months later the State Department made it an accomplished fact.

That is one reason we now have more than 125 distressed areas in the Nation.

CONGRESS TOLD FOREIGN AID WOULD END BY 1952

In March of 1948 we were debating the Marshall plan.

Looking back to that debate, the first impression that I gain is how innocent we all were at that time.

The plan, as many of my colleagues will recall, was presented to us as a 4-year plan, calling for foreign aid totaling \$17 billion over a 4-year period. That was to be it—all.

It was developed during the debate that the amount asked was precisely what the 16 Marshall plan nations had figured out would be their unfavorable trade balances during those 4 years.

In other words, it was in reality a plan to shift their deficits to the backs of American taxpayers, instead of having it on their own backs.

There was great talk also that we would be paid back these advances in the form of strategic and critical minerals and materials.

ADVOCATES OF MARSHALL PLAN PROMISED RETURN IN RAW MATERIALS

I recall that Senator Lodge, of Massachusetts, now our principal delegate to the United Nations, made much of this anticipated return.

Mr. Lodge said:

Insofar as the possible acquisitions of materials and stockpiling under the bill is concerned, the Senator will see on pages 162 and 163 (of the report) that we expect to get 3 million pounds of tungsten from Portugal—I am skipping around at random—we expect to get 2 million pounds of nickel from New Caledonia and the Netherlands East Indies; we expect to get from 2 to 3 million pounds of industrial diamonds from the Belgian Congo, Angola, the Gold Coast and Sierra Leone; we expect to get 50,000 pounds of copper from the Belgian Congo and northern Rhodesia, and so forth and so on. I will not read them all, but we expect to get, according to official testimony which was given at my request, substantial amounts of things we need.

Mr. MALONE. Mr. President, does the Senator from Massachusetts expect that we shall get those materials in exchange, or shall we have to pay for it as usual?

Mr. LODGE. I think in the first year or so we will pay for it in dollars. In fact, this whole computation of \$5,300,000,000, in view

of the unfavorable trade balances of these countries, is based on the assumption that they will sell us some of these materials, and if we stipulated that they had to give us these materials then the unfavorable trade balances would go up that much greater, and add that much more by way of aid, or it would have to be furnished from outside. So I think in the initial stages we will pay for it.

Under the bill it is possible to make agreements extending for a number of years, under which we will get substantial amounts of these materials without paying cash for them. Of course, we will pay something for them. We will extend our aid in exchange for it.

Well, Mr. President, that is more than 6 years ago. We are still paying cash, and cash in dollars, for any of the critical minerals and materials we buy abroad, and we are still giving aid to 166 nations and their dependencies around the world.

In other words, we are giving billions in dollars aid each year to these nations and, in addition, paying several billions each year for the minerals and raw materials that we buy from them.

AID STILL GOING TO 166 FOREIGN LANDS

They are receiving aid both ways.

Mr. President, I urged at that time, and I still urge, that instead of spending billions on foreign aid that buys us neither friends nor defense, we apply this money to building our own air strength.

In the debate on the Marshall plan, I said:

Give \$17 billion earmarked in this bill for gifts to Europe, to the Air Corps for a 5-year program as recommended by the Congressional Air Board and the President's Air Board, and tell our own people and the world what we intend to do with it, and we will not need to give the \$17 billion to the European countries under the Marshall or any other plan.

Well, we have spent that \$17 billion, and another \$17 billion on top of that, trying to supply Europe with a backbone made of dollars, and they do not have a backbone yet, and we do not have air strength that matches that of Russia.

CONGRESS SOLD A GOLD BRICK

To go back to the great claim made in 1948 by Marshall plan proponents, that in return for foreign aid billions we would receive strategic and critical minerals and materials in due time, we find an echo of that contention in the present measure.

It is contained in section 412 of the present bill, and it reads:

In order to reduce the drain on United States resources and to assure the production of adequate supplies of essential raw materials for the collective defense of the free world, the President is authorized to initiate projects for, and assist in procuring and stimulating increased production of, materials in which deficiencies or potential deficiencies in supply exist in the United States or among nations receiving United States assistance. The unexpended balance of funds made available pursuant to section 514 of the Mutual Security Act of 1951, as amended, is hereby authorized to be continued available for the purpose of this section through June 30, 1955.

Mr. President, the amount appropriated under section 514 of that act, as amended, was \$7,500,000.

Mr. President, the Congress is being sold the same foreign-aid goldbrick year after year and over and over. It is the same goldbrick, touched up a bit with gilt, and occasionally bearing a new label, but it is the same goldbrick.

The goldbrick is that we can buy peace and good will from foreign countries around the world by giving them our dollars, dollars we need to keep our own economy in gear, build our own necessary defenses, and reduce our own vast public debt.

I think that it is time we begin to look to our own security, our own economy, and our own interests.

UNITED STATES DOLLARS PAY UNITED STATES TRADE-WAR COSTS

In World War II we gave Great Britain \$31 billion in lend-lease for the privilege of rescuing her in old Europe's last trade war.

In World War I we loaned Britain more than 4 billion 100-cent dollars to rescue her in that trade war, most of them never repaid.

Between wars, and since World War II, we have loaned or given Britain other billions, placed orders with British factories for almost half a billion dollars worth of military goods at the expense of American workers, industries, and taxpayers, yielded her world markets, and submitted to every restriction she has imposed against our trade, our commerce, our money, and our exchange.

In other words, Mr. President, we have had to buy every smidgen of so-called British friendship with our blood and treasure.

TRIBUTE TO BRITAIN

Call it bribery, call it blackmail, call it anything you will, but we have had to pay tribute to Britain for 37 years to enjoy even the pretense of Anglo-American cooperation.

The junior Senator from Nevada does not know what price Great Britain is demanding now for continuation of alleged British cooperation, but she will expect a major cut from whatever amount of aid we vote in this pending bill.

In 1947 it was \$3,750,000,000 she asked for and received.

The next year it was the Marshall plan which put foreign blackmail on a permanent installment basis. A succession of alphabetical agencies has carried on tribute payments to Great Britain in the billions of dollars ever since.

Last year Britain began an intensive campaign to expand its already brisk trade with Soviet Russia and Red China, fattened by profits gained supplying the Communist world during the Korean war.

Mr. President, after 37 years, the backs of American taxpayers have been bowed supporting British socialism, British colonialism, and British collusion with our enemies.

The hearts of American wives and mothers are heavy with the burdens and sorrow of seeing husbands and sons sent off to distant foreign lands to protect the interests of Britain and old Europe.

Sir Winston Churchill doubtless knows this.

He has been keeping in close touch with American policy for many years. He knows the sentiment of the American people whom he has tapped so often, and he knows they have become more and more reluctant to support the British Empire in the splendor to which it became accustomed in its proud colonial era; and when we were among its most abused and browbeaten colonies.

BRITAIN'S POWER POLICY

So Britain, which always plays other nations against each other, is resorting to her eternal balance of power politics, this time pitting Red Russia and Red China against the United States.

British missions have visited Moscow. Red China and British leaders are exchanging visits. There is talk in London of renewing Britain's mutual aid pact with Communist Russia, although it still has 8 years to run, having been signed in 1942, with a stipulated term of 20 years.

In other words, that mutual aid pact has been very much alive for the past 12 years: The 12 years we thought we were buying Britain's friendship and strengthening her resistance to atheistic communism.

Through all these years Britain has been playing a double game.

Red China is the hole card.

Britain knows she can play it for a seat in the United Nations.

Or she can use it as a trump to inveigle more billions out of the pockets of our hard-pressed taxpayers as Britain's price for staying briefly and reluctantly on the anti-Communist team of nations. That is how she is playing it while the Congress is in session.

The junior Senator from Nevada would not venture to guess what that price might be.

Whatever the price, and whether it be money, foreign aid, trade concessions, or acceptance of Red China in the United Nations, we need not pay it—we should not pay it.

REPORT DISPELS NEED FOR FOREIGN AID

The need to pay any price at all for the appeasement of either communism or British socialism has been dispelled and disproved, Mr. President, by the report of the Special Subcommittee on Minerals, Materials, and Fuels Economics of the Committee on Interior and Insular Affairs, which has just been issued.

The report is based on hearings held over a period of 10 months in cities on both coasts, at which more than 360 witnesses, including engineers, producers, and Government officials testified.

HIGHLIGHTS OF REPORT

Their testimony showed that:

First. The Western Hemisphere can be defended. It can be defended by American air and sea power which it is within our budget capabilities to provide, and at a saving of billions of dollars under what we are now paying to station foot soldiers in 49 separate countries or areas of the world. The testimony shows we can save these billions at the same time we are doubling our offensive and defensive airpower, thus guar-

anteeing the security of our Nation and the Western Hemisphere.

Second. The Western Hemisphere can become self-sufficient in the production of the critical materials necessary to live in peace or to conduct a war. This is a very important finding, Mr. President. It explodes the propaganda that Communists and other foreigners have been planting among our people and in our Government for years, that we must procure our critical mineral and material needs from distant foreign areas that in war we could never defend.

Third. International entanglements with the 40-odd international organizations that now shape our military, moral, and economic policies must be dissolved. These organizations, including the United Nations, serve only to dilute our sovereignty, drain our wealth, wreck our trade, destroy or disrupt our economy, paralyze our resource development, retard our industry, disperse our manhood among the jungles, hills, and deserts of foreign lands, and sap the sources of our ultimate security.

Fourth. There must be an American policy dedicated to America and American ideals. It must be the kind of an American policy this Nation had up to 1917, which transformed our Nation from a wilderness to the strongest, richest, most productive nation in the world, the most—up to then—self-sufficient and self-assured in complete independence.

Today, Mr. President, we must reassert our independence, return to the Constitution, reaffirm the Monroe Doctrine in its fullest meaning, and look to our own security instead of wasting our strength in attempts to be the unwelcome chaperone and caretaker, at our own expense, of an unruly world.

INDEPENDENCE SACRIFICED FOR 37 YEARS

Above all else, we must recapture our independence as a free nation, unencumbered by foreign bonds as we are now.

We began losing our independence in 1917 when we went to England's rescue in the ever-recurring trade wars of old Europe.

Our independence was further sacrificed in 1941 when Winston Churchill, playing the late Franklin D. Roosevelt like a hooked fish, and using Indochina as a bait, maneuvered him and us into World War II.

Political and military independence was forfeited when we signed the United Nations Charter.

Financial independence was yielded first at Bretton Woods, and later through arrangements by Dean Acheson's State Department underwriting British socialism.

Trade independence took a beating in the Trade Agreements Act of 1934, and was junked entirely at London in 1946, where our diplomats conceded to multilateral trade shuffles through a thing called GATT that was formally set up the next summer in Geneva.

GATT, incidentally, is still going strong at the expense of American industry, trade, employment, and independence; and our State Department is now engaged in preparing for a ninth go-

around of trade giveaways scheduled for October.

Our resource independence was shattered through adoption of the Harry Dexter White formula which called for procuring critical materials from distant areas, including Russia, thus letting our own resource development and industries die.

Our moral independence went by the board when we became involved in all the Old World schemes to preserve colonial slavery systems.

TIME TO RESTORE OUR NATIONAL INDEPENDENCE

When our forefathers in 1776 signed the Declaration of Independence, I am sure they never dreamed that 178 years later we would be tied to the apron strings of 166 foreign nations and their dependencies, Britain's apron strings being tied the tightest of all.

Mr. President, it is time to cut loose from these apron strings, before we are dragged down and submerged completely in old Europe's socialistic morass, or forced into a fourth world war, in which our youth would do the fighting and the dying while Europe watches the box office and the gate receipts.

For 140 years this Nation gloried in its independence, grew in peace, and prospered.

Came World War I and the greatest campaign aimed against our independence and our interests in our history.

That campaign has continued ever since, and is going on right now. Some of it is Communist inspired. More of it—and I say this in all candor—is British inspired.

The aim of this campaign is to destroy what remains of our independence, and with it our economy.

The burden of this campaign is that this Nation and this hemisphere cannot be independent, but must kow-tow to old Europe and rely on Europe's colonies for raw materials.

The report of the Minerals, Materials, and Fuels Economics Subcommittee of the Committee on Interior and Insular Affairs, as I stated earlier, proves that this is not true.

We can be independent. We should be independent. And, unless we reassert our independence and become independent, the cold facts are that as a free nation we may not survive.

This is serious business, Mr. President, and anyone who may doubt how critical it is should read the full report of the subcommittee.

UNITED STATES A "HAVE" NATION

For years foreign propagandists, and some of them Soviet agents, falsely contended that the United States had become a "have-not" nation. They did that to gain our money, our markets, our trade, and billions in American aid.

The report I have just mentioned states the facts, which were testified to by more than 360 witnesses at 58 separate hearings held on both sides of the continent.

The United States is the greatest "have" nation in the world. The United States and the Western Hemisphere, which the United States can and will defend, are self-sufficient in all of the 77

critical raw materials except possibly industrial diamonds, and there are substitutes for them.

But for years the propaganda song has been that we must buy these materials from Communist nations, pro-Communist nations, near-Communist nations, and/or from unstable and threatened colonial areas in the distant corners of the world, close to the shadow of Soviet might.

The "have-not" song was a siren song designed to lull us to sleep and leave us defenseless in any world conflict that might come.

We have not been lulled to sleep. The Minerals, Materials, and Fuel Economics Committee is very much awake, and, in the opinion of its chairman, the junior Senator from Nevada, the public is very much awake also.

The "have-not" slogan has been just one of many designed to destroy our independence.

"Collective security" is another.

"Trade, not aid" is another.

"Atlantic union" and "one world" are others.

Even the United Nations, if we analyze it, is a slogan and catch phrase, designed to dissolve our independence in an organization which is neither united nor, when one considers the Communist satellites that have been admitted, a coalition of real nations.

COEXISTENCE, A FALSE AND DANGEROUS SLOGAN

Now we are being battered with a new propaganda slogan, dear to the heart of our British friends, who we rescued from two world wars, and bankrolled through two peacetime periods.

This one is called peaceful coexistence, more false and dangerous than all the others.

Peaceful coexistence, if there were such such a thing, which there is not, means that Christianity and atheism can coexist together, that a rattlesnake and a dove can share the same quarters, that slavery and freedom can live side by side without contaminating liberty, that a rapist and a virgin can share the same bed, and that a bandit and his intended victim can hold the same bank account.

Peaceful coexistence is what a homesteader and a cattle rustler share for the brief period before the rustler steals the cattle, probably shooting down the homesteader in the process.

There was peaceful coexistence in our time after Chamberlain sold out at Munich; peaceful coexistence in Czechoslovakia until the Communists took over.

Peaceful coexistence with Red fascism is what the British are attempting to sell this Nation today, and what the British-Communist coalition in the United Nations will try to sell us when they move to admit Red China into the United Nations.

Mr. President, this administration, this Congress, and the American people must never fall for this latest British slogan.

For 35 years British slogans have whittled away at our independence, so valiantly achieved 17 decades ago.

Coexistence would destroy our independence completely, and it could not be peaceful.

WHY NOT WITHDRAW FROM U. N. NOW?

The junior Senator from Nevada has been heartened by expressions from the majority leader and minority leader that, should Red China be admitted to the United Nations, the United States should formally withdraw.

The junior Senator from Nevada thinks we should withdraw even before that action is taken. He believes that independence cannot be maintained when it is diluted in any international political organization that has power to dictate our policies or our economy.

The junior Senator from Nevada believes that we should sever political connections with every enemy of the United States, and that we could well begin by severing diplomatic relations with Soviet Russia, and with each of her satellites which maintain embassies or legations.

He would withdraw foot soldiers from all foreign outposts outside this hemisphere who, in any all-out war, would at once be killed or on their way to the salt mines of Siberia.

He would end foreign aid that is building up rich industrial prizes that can only serve to tempt Communist aggressors.

He would end the \$2 billion foreign military procurement program training foreign workers in war production skills in foreign industries while many of our own defense plants and defense workers are idle.

He would repudiate GATT and all other international schemes to divide world trade and world markets at our expense and to our sacrifice.

RETURN TO INDEPENDENCE WOULD RESTORE FOREIGN RESPECT

And he would end every international connection we have that erodes American independence.

Some of the countries, including England, that have been enjoying full employment and eating high on the hog as a result of our billion-dollar giveaway, might complain at this reassertion of our independence; but one thing is certain—they would begin to respect us, which they have not done for almost 40 years.

Freemen and free nations are respected.

We must reassert our independence and look to our own security.

AMERICA MUST BASE SECURITY IN AMERICA

The security base for America is and must be America.

This, plus independence, must be our foreign policy, our American policy, in all future foreign affairs.

The testimony presented at the hearings before the Special Subcommittee on Minerals, Materials, and Fuels Economics is overwhelming in this respect.

In substance, as I stated earlier, it is the following:

The United States and the Western Hemisphere can be defended; other areas of the world cannot be defended in an all-out war until we attain complete mastery of the air, which would require years to achieve.

This means we will have to rely on the Western Hemisphere for the 77 critical minerals, materials, and fuels without

which we cannot wage a war or strengthen our peacetime economy.

Many of these materials are today needlessly being procured from distant lands, which, despite the arms, industries, wealth, and manpower we are pouring into them at United States taxpayers' expense, they would be cut off in any conflict, the arms, resources, and industries captured, and the defending manpower killed or taken hostage.

Fortunately, we do have those materials in our own Western Hemisphere, where, with proper programs for exploration, development, and processing, they would be available to us for peacetime use or national emergency.

VIEWS OF LT. GEN. ALBERT C. WEDEMAYER

Mr. President, I should like to quote briefly from the testimony given on this point by Lt. Gen. Albert C. Wedemeyer, United States Army, retired, who served 5 years in the Philippines, 4 years in China, 1 year in Burma-India, and 3 years in Western Europe, former theater commander in China from 1944 to 1946, Deputy Chief of Staff of the Army in charge of strategic plans and combat operations, and, immediately prior to his retirement, commander of the Sixth Army.

General Wedemeyer testified:

There are two important factors to a military strategist, "time and space." Both of these factors are being reduced or shrunk by science.

A military leader strives to locate bases in close proximity to the enemy heartland in order to operate, more quickly and more effectively against appropriate targets in the enemy homeland. But a strategist must take into consideration the cost in manpower, the cost in materials to maintain bases in close proximity to that enemy heartland.

The cost in manpower and materials might be prohibitive in order to maintain a base in Western Europe from which to direct operations against the Soviet Union if we were involved in war with that country.

I mentioned that the cost might be prohibitive. I state this because of lines of communications to bases in Western Europe, either water or air routes, are vulnerable to interdiction or interception by hostile effort.

Janes fighting ships recently listed the number of oceangoing submarines that the Soviet Union has developed. I think the total estimated was between 350 to 400. Soviet submarines could render it very costly and possibly prohibitive to maintain sea lanes of communications to bases in Western Europe or to bases in the Middle and Far East.

General Wedemeyer was asked by the junior Senator from Nevada, serving as chairman of the subcommittee, if he thought we would be safe in depending on half of our manganese supply coming from India. He replied:

I think it is unsound for a nation to depend upon sources of raw materials which are removed from that nation's dynamo or industrial potential or industrial setup. Again going back to an earlier premise that I tried to establish, namely, that air and sea lines of communication can be successfully interdicted by airplanes and submarines, particularly is this true of sea lanes.

Specifically the lines of communication to India, passing through restricted water areas or narrow passageways, would be highly vulnerable to submarine attacks. It would be

difficult, and very costly in lives and material, Senator, to maintain a flow of supplies from India to this country.

GENERAL WEDEMAYER'S PROPOSALS FOR INDUSTRIAL SECURITY

General Wedemeyer had this suggestion to make in his testimony. He said:

I would like to suggest that we in the United States develop our industrial complex or setup, first within the United States, and secondly within the Western Hemisphere. Then if the situation should develop in an emergency wherein it would cost us prohibitively to reach farflung sources of supply, we could carry on an effective war without paying an exorbitant price for required raw materials which presently are shipped from India, China, Malaya, or Belgian Congo.

General Wedemeyer, in other portions of his testimony, stated:

Our people have fought and sacrificed for their liberty. They have fought and sacrificed to preserve the principles embodied in the Constitution. Why shouldn't other peoples seeking to gain or preserve their liberties do likewise?

I do not believe that we Americans should subsidize the economy or the security of any country. We should not be expected to do so. Therefore, I have advocated all along that the nations of Western Europe should raise and maintain their own armies. I have uniformly opposed sending American ground forces to Europe or to Asia.

HEMISPHERE DEFENSE FACTS

General Wedemeyer discussed hemisphere defense. He said:

We are very vulnerable to air attack. But, the water expanse to the east and west of the North American Continent, and the polar wastes of the North * * * and then, too, the South American Continent, all of those areas provide impenetrable or at least very effective barriers to attempted surface attacks on our country.

All of the hullabaloo back in 1939 and 1940 about the capability of the Nazis to attack us through South America was simply a distortion of the facts. * * *

I do state categorically that this country, if we went to war, would be vulnerable to air attacks. I do not think at this time that they would be decisive. I do not think they could neutralize our war effort or render us incapable of retaliation. We would suffer heavy loss of lives and considerable destruction. We are particularly vulnerable because of the crowded industrial areas * * * thickly populated regions and numerous critical focal points of communications. So we are definitely vulnerable to hostile air attacks. And in spite of our defensive measures, some of the enemy bombers would get through. The best defense against that hostile capability is to destroy the enemy's will to fight and the enemy's warmaking potential back in his homeland.

I do not believe in sitting back on our haunches and waiting for the enemy to come to us. I would project my forces against him and destroy his industrial areas, focal points of communications, and military bases and equipment. To repeat I would try to bottle him up and destroy his warmaking potential and his will to resist.

PLACE BLAME FOR AGGRESSION WHERE IT BELONGS—ON RUSSIA

Mr. President, the subcommittee asked General Wedemeyer what his recommendations would be in the Korean situation. He said, among other things, that he would, "Stop once and for all the past phony dealings which would indicate a reluctance to single out and denounce the real perpetrator of the

international frictions and incidents." He continued:

I would put the blame right where we know it belongs—at the door of the Kremlin. I do not believe the Russian people support the policies of the Kremlin nor do they know very much about the Soviet policies and actions.

The general also told the subcommittee that he could not agree with certain of our allies that they are not helping the enemy war effort when they sell certain nonstrategic materials. He said:

Anything sold to a country at war will help the war effort.

Mr. President, we know that. Every schoolboy knows that. England knows it, too. But it is England who insists on blood trade with the enemy even at the risk of British blood.

The general was equally emphatic that we can defend the Western Hemisphere. He said:

Against the submarine menace, air is a very important weapon. We could establish air bases along the coast and the planes could operate and reconnoiter the sealanes very effectively from the coast. Our sea transportation lines would stay in close proximity to the coastline and thus facilitate the reconnaissance of the area and appropriate offensive action against hostile submarines when discovered.

GENERAL FELLERS STATES AIRPOWER NEED

Brig. Gen. Bonner Fellers, United States Army, retired, who served as the American observer with British forces in the Middle East early in World War II, then in Australia as Chief of the Planning Section in general headquarters under Gen. Douglas MacArthur, gave the subcommittee testimony that the junior Senator from Nevada considers likewise of great value.

General Fellers testified in part:

Russia is the base from which all Communist activity emanates and her ideological objective is to communize the world.

She cannot afford to lose that base. If we had 1,500 or 2,000 of the new B-52 bombers with atomic bombs and crews trained, this would be the greatest possible threat to Russia. If war comes, even though Russia were to strike first, there should be enough B-52's left, with proper dispersal of those planes and getting them into the air provided we get an alert, to wipe out Russia's war potential * * * Her airbases and war industries.

If Russia knows that we have the kind of a striking force which can destroy her, she will never start a war. Destruction by bombing would end her dream to communize the world and she is not going to risk attacking us, if we have air supremacy. It is unfortunate that we have to wait to be hit first, but if we can deliver a stronger blow in retaliation, this capability is still a deterrent * * *

Unless we build air supremacy right now I do not believe we can defend the United States against air attack. The Russian has 3,000 combat planes defending his industry which is not as extensive as ours. We have less than 1,000 modern combat planes defending ours at the moment.

AIR FORCE EXPANSION PROGRAM PROPOSED

At the request of the subcommittee, General Fellers presented a detailed statement outlining the program he would recommend for sound national

defense, including cost figures for such defense.

I ask unanimous consent that this statement be printed in the RECORD at this point in my remarks, together with the two charts referred to in his statement.

There being no objection, the statement and charts were ordered to be printed in the RECORD, as follows:

STATEMENT BY BONNER FELLERS, BRIGADIER GENERAL, UNITED STATES ARMY (RETIRED), OUTLINING A PROGRAM FOR SOUND NATIONAL DEFENSE

In principle the defense concept recently announced by Secretary of State Dulles has been followed. That concept is overwhelming air supremacy of such magnitude that it would constitute the greatest possible war deterrent. On the other hand should war be forced upon us, the striking power provided in the enclosed estimate would be sufficient to sustain losses if our enemy strikes first, and also for a sustained atomic bombing attack—massive retaliation—by deep penetration of the enemy heart land. The striking force is considered adequate to punish our potential enemy until his war effort has been neutralized.

The cost of creating and maintaining such an American Air Force during the 5-year period, fiscal years 1956–60, is calculated to total \$97 billion, or an average annual outlay slightly less than \$20 billion.

Since the new Dulles concept for defense obviously does not envision major ground combat by American forces on the mainland of Europe or Asia, ground forces properly should consist of a small professional, highly mobile, airborne strategic reserve. For the most part this reserve should be held in the United States. In the air estimate attached, provision is made for 15 wings of troop carriers. This is a total of 720 planes capable of lifting 2 divisions.

If major ground combat overseas for our Army is not contemplated, the task of the Navy is enormously lightened.

Therefore, the annual allocation of both the Army and the Navy for the period 1956–60 is placed at \$10 billion. This is consistent with the budget made available for both the Army and the Navy during the period 1949–51 just prior to the Korean war. This amount is sufficient for the Army to create and maintain a thoroughly professional, airborne force of 8 or 10 divisions. The allocation should enable the Navy, which is already in being, to perform its normal role of keeping the seelanes open and to develop the necessary techniques to meet the submarine menace.

For research and development of weapons an annual expenditure of \$3 billion has been included.

As may be seen from attached chart I the combat strength, excluding troop carriers, of the United States Air Force is at present only 89 wings with some 5,000 aircraft. This is exactly one-fifth of the combat strength of the Communist air forces. We have only 2,025 fighter interceptors of which more than one-half are stationed outside the United States. (Russia has more than 3,000 fighter interceptors, while England has 1,000 fighter interceptors to defend their respective air bases and industry.)

Our best heavy bomber is the B-52, but it is not yet in production. Heavy and medium bombers available now capable of striking Russia are all obsolescent piston-driven except a few hundred B-47's.

The cold facts are our air position is most unenviable, yet we dare not permit the Communist powers to add air ascendancy to their overwhelming ground and submarine strengths. Chart I indicates an air expansion program of 174 combat wings by 1960. It includes 4,950 modern jet-fighter interceptors, which provide a reasonable conti-

mental defense. It provides 1,950 new B-52 heavy bombers and 675 medium B-47 bombers. This terrific striking force would provide a sustained air effort against Russian airbases and war industry until they are destroyed. With proper airbase dispersion it should be strong enough to withstand estimated losses in a surprise attack by Communist bombers.

The most important role of this striking force, however, is its deterrent power. Russia is the base from which all communistic activities emanate. If this base is lost, the program for world communication would collapse. Russia will not knowingly take any action which would lead to destruction of this base. The heavy-bomber force provided in this estimate is sufficient to destroy Russia as a base and it would be the best possible war deterrent.

Chart II shows an estimated total defense cost for the fiscal years 1956–61, inclusive. The average total cost of national defense

during the expansion years is \$33 billion. For the fiscal year 1961 the expansion program would have been completed and stabilized at a cost of operation, maintenance, and replacement of \$34 billion annually.

Attention is invited to the fact that this proposed program would provide far greater defense than our postwar program of today at a saving of from 15 to 20 billion dollars annually.

The estimate includes no foreign aid. Our European allies now enjoy economic recovery. If we provide sea and air supremacy, our allies should be willing to maintain such ground forces as they themselves feel consistent with their economic capabilities.

Europe can only be saved if war is avoidable. Once war starts Europe can be overrun by the Red army and Europe can also be destroyed by bombing. Europe's best chance for survival lies in the deterrent power of our strategic bombers. We can give her no better protection.

CHART I.—Present and proposed Air Force strength

Wings	Number	Present combat plane total	Modern wings carried into new program	Proposed wing increase by fiscal year 1960	Total wings for new 1960 program	Plane total for 1960 program	Increased cost after fiscal year 1955 in millions of dollars
Fighter interceptors.....	27	2,025	10	56	66	4,950	\$1,650
Escort fighters.....	5	375	5	0	5	375	-----
Tactical reconnaissance.....	4	300	4	0	4	300	-----
Fighter bomber.....	13	795	13	0	13	975	-----
Light bomber.....	6	288	6	0	6	288	-----
Medium bomber.....	20	900	4	11	15	675	990
Heavy bomber.....	14	420	0	65	65	1,950	11,700
Troop carriers ¹	11	528	11	4	15	720	64
Total.....	100	5,631	53	136	189	10,232	² 14,404

¹ Troop carriers are not included as combat planes in preceding statement.

² Estimated cost of annual expansion for 5-year program, \$3 billion.

CHART II.—Estimates of total defense costs in billions of dollars for fiscal years 1956 to 1961, inclusive

Fiscal year	Wing strength	Cost maintenance	Cost expansion	Total	Army, Navy	Research and development	Total defense
1956.....	120	\$13	\$3	\$16	\$10	\$3	\$29
1957.....	137	15	3	18	10	3	31
1958.....	155	17	3	20	10	3	33
1959.....	175	19	3	22	10	3	35
1960.....	194	21	3	24	10	3	37
1961.....	194	21	(³)	21	10	3	34

¹ Average defense cost for fiscal year 1956–60, inclusive, \$33 billion.

² Annual cost of defense—operation, maintenance, development, and replacement after Air Force expansion program is completed.

³ Air Force expansion completed.

THE ADDED AIR POWER FOREIGN AID BILLIONS COULD PROVIDE

Mr. MALONE. Mr. President, the \$9,979,100,000 in unexpended funds which were available June 30, plus the \$3,100,000,000 that is being proposed in new funds for foreign aid, would enable the United States to contract immediately for 2,000 of the finest new heavy bombers at an estimated cost of \$6 million apiece, or \$12 billion total, plus 3,000 modern jet fighter interceptors which we need so badly and which, at an estimated cost of \$335,000 each could be built for \$1,500,000,000. This would leave \$74,100,000 for the construction of other aircraft as necessary.

Mr. President, the amendment of the junior Senator from Nevada is offered to divert the \$13 billion from useless foreign aid to the construction of such

airplanes as would be necessary to our national defense problem. Thus we would not become further involved and further in debt, building up further industries and further construction in Europe which eventually perhaps would be shipped to Russia and Communist China.

NAVAL AUTHORITY TESTIFIES

Mr. President, Vice Adm. C. A. Lockwood, United States Navy, retired, likewise, at the subcommittee's request, prepared a brief entitled, "Defense of the United States Sea Lanes in the Event of a Third World War," which contributed immensely to considerations of the subcommittee.

Admiral Lockwood served from February 1941 through March 1942, as naval attaché in London; from April 1942 to February 1943, as commander, submarines, Southwest Pacific; and from February 1943, until December 1945, as commander, submarines, Pacific.

I ask unanimous consent that Admiral Lockwood's brief, Defense of the United States Sea Lanes in the Event of a Third World War, be printed in the RECORD at this point in my remarks, and that the accompanying table, Merchant Vessels Lost Worldwide, 1942, All Causes, also be printed in the RECORD.

There being no objection, the brief and table were ordered to be printed in the RECORD, as follows:

DEFENSE OF THE UNITED STATES SEA LANES IN THE EVENT OF A THIRD WORLD WAR

In the event that the Communist nations, led by Russia, initiate world war III, it is my belief that in spite of existing and contemplated European defense forces, Europe and Asia will be quickly overrun.

England, Norway, Sweden, Turkey, Greece, and possibly Spain will hold out. The enemy will probably plan to subdue these countries later, and will not subject them to heavy land offensives until Communist primary objects have been secured.

In Asia, the Middle East, French Indochina, Hongkong, and Malaya will be our allies, as will Japan, Formosa, and the Philippines, but India will remain neutral—probably favorable toward Russia. It is to be hoped that Britain will be able to retain its naval base at Trincomalee, Ceylon.

Russia's primary objectives in Europe will be the channel ports and later the Scandinavian ports from which to operate her submarine fleet, estimated in Jane's 1951 at 360 to 370 vessels.

In Asia Communist primary objectives will be the ports of Penang, Saigon, Hong Kong, and Singapore for use as submarine bases. Penang was an important base and exchange point for German and Japanese submarines in World War II.

None of these objectives should be too difficult to attain.

Thus, at the outset of war, effective sea communication with Europe, Asia, and the Mediterranean will be denied us by Communist submarines, air and land forces. They also will attempt to deny us vital supplies of oil from the Middle East and manganese from India by political means, by invasion or by submarine and air attacks.

What position Egypt will take is anybody's guess but whichever way she goes, use of the Suez Canal will be rendered hazardous, as in World War II, by enemy bombing and mine laying.

Communication with and supply to England will be more difficult than in World War II due to the larger number of submarines available to the enemy. For the same reason, convoys supplying our own bases in Spain and North Africa, assuming that these bases have not been overrun by native troops, will require heavy antisubmarine and antiaircraft protection.

Following the pattern of World War II, after the enemy has obtained Bay of Biscay submarine bases, our sealanes through the Caribbean and along the Atlantic coast will come under attack. Our antisubmarine forces at the time we entered World War II were pitifully inadequate and/or required for convoys elsewhere, hence allied losses in merchant shipping in those areas were heavy.

Since strategic supplies from South America, the Panama Canal, and the Gulf of Mexico make the Caribbean-South Atlantic coast route one of our most, if not the most, vital sealanes, its protection by ships, submarines, and aircraft must be provided before the outbreak of war. Many suitable bases are available—Charleston, Bermuda, Key West, Guantanamo, to name only a few.

Shipping from the Congo region, South Africa, and the Atlantic ports of South America will not at first require escort but when enemy submarine bases are secure in the Biscay area, these ships must be assembled in convoys—probably at Para, Brazil, and escorted through the Caribbean and up the south Atlantic coast. Provision of adequate antisubmarine forces equipped with the latest in sonic, supersonic and radar gear should make this route secure.

In World War II one of our most vital sealanes passed south of Australia across the Indian Ocean and up to the ports of India, the Red Sea and the Persian Gulf. Petroleum from Iraq, Iran, and Saudi Arabia will be even more important in world war III than it was in World War II and I am informed that about 1 shipload (5,000 tons) of manganese per day will be required from India.

Protection of this shipping will be a tremendous job. During World War II, surface forces under my command at Perth (Fremantle) consisted of 2 Australian, 2 Dutch and 1 United States cruisers, plus 2 Australian and 2 Dutch destroyers. These ships were totally inadequate for escorting the volume of shipping which flowed past our door and most merchant ships had to proceed unescorted.

Fortunately, losses from Japanese submarines and surface raiders were not large but in world war III, with larger numbers of enemy submarines available and with the threat of air attack from southern Asia and the East Indies, it will be a different story. Large numbers of surface escorts and escort carriers will be essential and bases will be required in Australia, Ceylon, the Persian Gulf and in the East Indies, if the Indies are in allied hands. Our bases in the Philippines can assist in antisubmarine work against submarines passing through the South China Sea and in bombing enemy bases in southeast Asia but they are too far from the Indian Ocean to assist in convoy protection.

Trade with the East Indies will depend upon who holds them and the enemy submarine and air opposition. Darwin in North Australia and Davao in Mindanao would be our best bases from which to cover such trade routes.

The sealanes from Australia to the west coast of the United States will not require much protection. Japanese submarines did sink a few ships east and even south of Australia but they operated from bases in Java or from New Britain and New Ireland and I do not believe the Communists can overrun the two places last named.

Our shipping lanes from the west coast to Alaska and the Aleutian Islands will require antisubmarine escorts, since Russian submarines based at Petropavlosk, Kamchatka, have only about a 2,100 mile run to reach the Gulf of Alaska. The Reds will probably take Kiska, Attu, and Shemya early in the war which will put their submarines only about 2,500 miles from San Francisco. In World War II a few Japanese submarines, based in the Aleutians, operated as far south as Santa Barbara. Enemy aircraft based in the Aleutians will add to the threat against our Alaskan sealanes.

Protection of the remaining sealanes considered herein—those to the British Isles and those penetrating into the Mediterranean, obviously will require operations more intensive than those required at the outset of World War II due to the larger number of enemy submarines available.

One of Russia's major objectives will be to isolate England and knock her out of the war. The Germans nearly succeeded in throttling her supply lines in World War I and World War II. Whether the Russians can achieve this objective will depend upon

the number and efficiency of her submarines and longer range planes, and upon the effectiveness of our countermeasures.

As you know, our antisubmarine vessels, escort carriers, and patrol planes were able eventually to whip the German submarine menace but our losses were terrific—about 25 million tons in World War II.

No Allied submarines were used in the Battle of the Atlantic except for a few British along the European coast. Thus Allied forces were free to attack every submarine encountered. However, it is anticipated that in world war III, recognition signals between submarines and other types of craft will have been perfected, thus permitting the use of killer submarines in protection of our convoys. In addition our midgets—just now introduced to the United States Navy—will be invaluable in destroying enemy submarine bases by the use of atomic mines.

As to the Mediterranean, assuming that Italy, France, and Yugoslavia are in enemy hands, the probability of total loss of slow or medium speed merchant convoys will be too great a risk. Britain did manage supply and reinforcement trips to Malta in World War II but each such trip was practically a major operation and accompanied by considerable losses.

We also manager to punch through with invasion forces but we should not attempt such operations in world war III until our antisubmarine and antiair forces have attained great strength.

In estimating the above situation as to the protection of Allied sealanes, I have assumed that the efficiency of Russian submarines is at least as great as that of the Germans. It is reported and undoubtedly is true that many German submarine experts have willingly joined the Russians or have been drafted by them. With German instructors the efficiency of Russian submarines should improve, but actually we may be overestimating the effectiveness of these craft. British officers who served with or in Russian submarines at Murmansk and in the Black Sea have told me that their equipment was not modern and their state of training and attack technique was of the vintage of 1914.

We know that they have German types XXI and XXVI. These are snorkel equipped and have high underwater speed. They did not get into World War II, which was lucky for us. The best defense against these vessels will be our atom-powered submarines of the *Nautilus* and *Seawolf* type. We must have many more of these.

I was also asked to give my opinion as to our ability to defend the Western Hemisphere.

I believe that our ability to defend the Western Hemisphere depends entirely upon our ability to retain command of the sea and the air above it. No invasion force can advance against superior sea and airpower, and I do not believe that invasion of the United States by air is feasible at present.

If our production centers and oil supplies are destroyed by bombing or otherwise, the mobility and eventually the ammunition supply of our Navy and Air Force would be destroyed. Then, and only then, would sea or airborne invasion be possible.

CHARLES A. LOCKWOOD,
Vice Admiral, USN (Retired).

Merchant vessels lost worldwide, 1942, all causes

Period	Submarine		Aircraft		Surface craft		Enemy mine		Other enemy action		Marine casualty		Total	
	Number	Gross tons	Number	Gross tons	Number	Gross tons	Number	Gross tons	Number	Gross tons	Number	Gross tons	Number	Gross tons
January	62	327,357	15	57,086	1	3,275	11	10,079	9	19,920	48	103,663	146	524,380
February	82	470,136	29	138,498	1	983	2	7,242	17	36,640	18	53,006	149	706,505
March	94	581,998	12	48,501	9	21,521	5	16,862	103	168,832	32	53,778	255	841,492
April	75	437,656	16	82,723	25	131,188	8	14,934	3	6,237	18	28,219	145	700,957
May	125	607,247	13	58,995	3	19,363	5	18,786	1	254	15	26,075	162	730,720
June	141	707,270	11	54,769	6	41,298	6	19,930	1	242	14	32,535	179	856,044
July	95	476,049	18	74,313	11	54,358	2	8,905			28	81,937	152	695,562
August	108	544,410	6	60,532	8	59,432			1	229	15	21,744	138	686,347
September	97	485,374	12	57,526	4	24,388					30	38,747	143	606,035
October	93	614,304	1	5,683	3	7,576	2	5,114			22	58,190	121	690,867
November	116	711,880	7	61,793	5	10,484	1	992	5	21,836	28	56,715	162	863,700
December	62	343,872	2	4,156	8	19,352	3	344			36	65,657	111	433,381
Total	1,150	6,257,553	142	704,575	84	393,218	45	103,188	140	254,190	302	620,266	1,863	8,322,990

MAJOR DE SEVERSKY TESTIFIES TO AIRPOWER NEEDS

Mr. MALONE. Mr. President, the subcommittee also heard important testimony from one of our foremost pioneers of military aviation, Maj. Alexander P. de Seversky.

He testified in part:

With both sides now in possession of atomic and hydrogen bombs and long-range aircraft, they have the ability, without regard to distance, to attack directly each other's industrial means of waging war. That condition has fundamentally altered our strategic picture, particularly in relation to our dependence on the sources of strategic materials beyond the continental United States.

In the past, because the enemy had no capabilities to attack directly the sources of our strategic supplies, he could do nothing else but try to intercept the lines of communication and inflict a rate of attrition that our Nation could not support in transporting men, machines and goods.

However, with the advent of long-range airpower, and atomic and hydrogen bombs that have the capability to destroy large areas, I am convinced that the old method of trying to interfere with enemy supply lines will be abandoned, because now it is much simpler to neutralize the strategic sources themselves. And by neutralize the strategic sources themselves, you neutralize the enemy's war machine. His effort on the high seas becomes sheer waste and a strategic liability.

Though Russia today demonstratively builds a great number of submarines, I wouldn't be surprised if, at the same time, her real plan for our strategic strangulation is based on the Russian air force's ability to strike at the sources of strategic materials themselves. In that case, we may have the greatest Navy, we may have the greatest merchant marine, we can have all our sea lanes open, and still we will face strategic strangulation because not an ounce of strategic material will be available to us.

Mr. President, the testimony received by the committee was that by means of destruction of the sources in Africa, we could neutralize the deposits of uranium and other minerals, so that Russia could not secure them; but, on the other hand, Russia could neutralize them, too, so that we could not secure them. That is what Major de Seversky means.

DE SEVERSKY CITES PRESENT MINERAL SOURCES

I quote further from his testimony:

Let me give an example. The columbite and cobalt, indispensable for our jet engine production, come primarily from Nigeria. Our industrial diamonds and uranium come from the Belgian Congo. Our manganese

comes from India, and tin and rubber come from Indochina, Malaya, and the rest of the Far East. So, in effect, our jet engines do not come from Hartford or Cincinnati; they come from Nigeria. Our atomic bombs come not from Oak Ridge, but actually from the Belgian Congo. So do the industrial diamonds for the tool industry. Our steel doesn't come from Pittsburgh but from India, because that is where we get the manganese indispensable for its production. Our rubber and tin, the tin that goes into bearings, come from the Far East, and again not from Cleveland, or Cincinnati, or Detroit.

So actually our production, our war machine, comes from the other side of the globe. Its roots are actually right in the backyard of the enemy. And today the enemy has a capacity to neutralize these sources of our strategic materials * * * to destroy those roots.

Major de Seversky explained that by neutralize, he meant preventing them from becoming available to the United States by intimidation, threat, infiltration, subversion, and propaganda in time of peace, and by direct destruction in time of war if that is necessary.

PRESENT SUPPLY SOURCES UNSTABLE

All of the areas he had mentioned, he said, are politically uncertain, seething with revolt and Communist propaganda.

He also said:

There is no possibility of critical materials being available from these areas in time of war because, as he pointed out, the enemy will not let us have them.

Major de Seversky added:

As a matter of fact, they (the enemy) can destroy our economy and stop our war effort without dropping a single bomb on the United States, by simply destroying the sources of strategic materials from which our military strength is derived.

WESTERN HEMISPHERE CAN SUPPLY CRITICAL MATERIAL NEEDS

Mr. President, the report of the Subcommittee on Minerals, Materials, and Fuels Economics shows that ample supplies of these critical materials are available to us in the Western Hemisphere, which can be defended, if only this Nation has the foresight to utilize the resources of this hemisphere, instead of shopping in every distant area of the globe which lies within the shadow of Red Russia's hammer and sickle.

Major de Seversky commented on the policy of procuring critical materials from these areas. He said:

That was always our excuse for obtaining and developing bases all over the face of the

earth and also for helping various nations who had the stuff we wanted, and that is why we were told that we had to maintain a still more powerful Navy, even though our Navy was already the biggest.

The idea that we had to keep the sealanes open to guarantee our access to strategic materials from the four corners of the world was valid in Nelson's day, but not in these days of supersonic speed and atomic bombs.

Open sealanes in time of war under present conditions have nothing to do with the case. The question is, Do we have strategic sources available to us, or do we not?

I am convinced that all the sources that are within striking distance of enemy airpower on the other side of the globe will be lost to us, and we won't be able to get one ounce of material from them. Therefore, we must depend on the Western Hemisphere.

Mr. President, that is what I explained this morning when I addressed the Senate; and I am happy to say the Senate voted, this morning, to take the FOA out of the mining business.

HOW AMERICA MUST BE DEFENDED

Major de Seversky was emphatic that the defense of the United States will have to be based in the United States. He testified:

I have heard some testimony that we will be able to hold the Moroccan bases. An argument was given that since it is beyond the range of the enemy's tactical air force, and could be attacked only by his long-range strategic air force, a few fighters will be able to protect it.

Now, it cannot work only one way. It has to work both ways. If a few fighters can depend a base in Morocco from a determined attack by the long-range aircraft of the enemy, then how can our long-range bombers from Moroccan bases attack Russia, which will be defended not by a few fighters but by thousands of fighters? So it stands to reason that no base remote from the continental strength of a belligerent can be defended by that belligerent against attack by the enemy's strategic air force.

From now on the only base one can defend is his home base, which has the necessary industries, manpower, and, therefore, recuperative capacity.

We are told that the United States today cannot afford to provide itself with adequate air defense—that it is going to take too much money—that it will take twenty billions, thirty billions, to defend the United States against air attacks.

So far we were promised only 1 billion for our continental air defense. If America's 160 million people with her prodigious industry cannot defend their own home base against the enemy bombers which we are told will always get through, then by what miracle can we defend some remote strategic post on the other side of the globe which

will be attacked by the same enemy force of the same quality and of the same magnitude.

We cannot defend these bases in various areas. Therefore, it stands to reason today that since every spot on the earth is subject to attack by the long-range strategic air force of the enemy, those spots are defenseless.

Attack therefore will have to be led directly from the United States, and the United States is the only base that we can defend on a sustained basis.

PROPOSALS TO TRADE WITH REDS DENOUNCED

Major de Seversky recommended that next to the Strategic Air Command, priority for the defense of the United States should be assigned to our Continental Air Command.

He said:

We must protect our industrial heart. * * * Only after we have these two air forces in being would I spend any money on any other military ventures anywhere else.

The major denounced proposals to expand trade with Communist nations or to trade with them at all. He testified:

As long as they represent a menace to the world, it is suicidal to trade with them, no matter what you have to sell.

Because everything you send them supports their overall national effort, whether it is food or medicine or anything else. And because since 1932 we have been lavish in our industrial and other help to Russia and the rest of the Communist world, we actually have built a Frankenstein monster who now sits on our own neck.

They have complete access to the technological fruit of our civilization. They improve upon it. But they never share those improvements with us.

So it is a one-way proposition, and if we continue this it is only a matter of time before they will become technologically superior to us.

They have complete access to our know-how, and are adding to that their own; but because they deny us access to their know-how we will never get dividends back on our investment.

The British gave them the Nene jet engine, which we later found installed in the MIG-15, but in a much improved version.

Did we ever get back the improvements on these engines? Of course not. So in trading with them and passing on to them our technological knowledge and know-how, the free world is really committing suicide.

Mr. President, the subcommittee is indebted to Major de Seversky for much other testimony which I know will be of great interest to many of my colleagues and to citizens in general. It is contained in part II of the subcommittee hearings.

TODAY'S "MUST"—AN AMERICAN POLICY

What his testimony and that of other authoritative experts points up is the necessity for an American policy, a policy of realism, self-reliance, and independence.

Britain has no qualms about giving Soviet Russia the Nene jet engine which later, emplaced in Russia's MIG-15's, shot down American airmen in Korea.

Britain's God is trade.

One hundred and seventy-eight years ago, in Philadelphia, delegates to the Continental Congress from the Thirteen Colonies declared our independence from Great Britain.

They revolted from Britain's colonial system and from her exploitation of her colonies and possessions.

Today we should reassert our independence, halt our gigantic military procurement program in the British Isles before more war goods end up in Russia, shut off our military and monetary aid to her, so long as she persists in her blood trade with our mortal enemy, reaffirm the Monroe Doctrine, and turn the United Nations into a clearinghouse for information and debate, but not insist that an impossible job be done by an organization of nations whose sole ambition at the moment is to gain a share in the United States markets and the other markets of the New World, which is the Western Hemisphere.

AMERICAN POLICY WOULD STRENGTHEN NATION

In other words, Mr. President, we should return to the Declaration of Independence, the Constitution, the Bill of Rights, and the Monroe Doctrine, which for 140 years were our basic guides and the source of our protection as a free people.

Such a course would enhance our honor as a nation, redeem our national integrity, disengage us from the continued threat of foreign wars fought on distant, foreign soil, and enable us again to strengthen and expand our own economy.

Mr. President, I ask that the vote be taken on my amendment No. 2, which will squarely transfer to a much better use the \$13 billion authorized by this bill. This bill authorizes the head of the FOA to expend approximately \$13 billion throughout the world, on foreign projects and other things I have already described. My amendment would authorize that the \$13 billion be transferred, so as to make it available to bring our Air Force to the proper strength to defend the United States of America.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the amendment of the Senator from Nevada be read, for the information of the Senate.

The PRESIDING OFFICER (Mr. PAYNE in the chair). The amendment submitted by the Senator from Nevada will be stated.

The LEGISLATIVE CLERK. It is proposed to strike out all after the enacting clause of the bill, and to insert in lieu thereof:

That there is hereby authorized to be appropriated the sum of \$13,079,000,000 for construction within the United States of military aircraft for the Armed Forces of the United States.

Mr. KNOWLAND. Mr. President, I ask for the vote on the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Nevada [Mr. MALONE].

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. SALTONSTALL. I announce that the Senator from Indiana [Mr. CAPEHART] is absent by leave of the Senate.

The Senator from New Hampshire [Mr. BRIDGES] is necessarily absent.

Mr. JOHNSON of Texas. I announce that the Senator from Virginia [Mr. BYRD], the Senator from Kentucky [Mr. CLEMENTS], the Senator from Mississippi [Mr. EASTLAND], the Senator from North

Carolina [Mr. ERVIN], the Senator from Tennessee [Mr. KEFAUVER], and the Senator from Arkansas [Mr. McCLELLAN] are absent on official business.

I announce further that if present and voting, the Senator from North Carolina [Mr. ERVIN] would vote "nay."

The result was announced—yeas 7, nays 81, as follows:

YEAS—7		
Bricker	Malone	Young
Jenner	McCarthy	
Langer	Welker	
NAYS—81		
Alken	Goldwater	McCarran
Anderson	Gore	Millikin
Barrett	Green	Monroney
Beall	Hayden	Morse
Bennett	Hendrickson	Mundt
Bowring	Hennings	Murray
Burke	Hickenlooper	Neely
Bush	Hill	Pastore
Butler	Holland	Payne
Carlson	Humphrey	Potter
Case	Ives	Purtell
Chavez	Jackson	Reynolds
Cooper	Johnson, Colo.	Robertson
Cordon	Johnson, Tex.	Russell
Crippa	Johnston, S. C.	Saltonstall
Daniel	Kennedy	Schoepfel
Dirksen	Kerr	Smathers
Douglas	Kilgore	Smith, Maine
Duff	Knowland	Smith, N. J.
Dworshak	Kuchel	Sparkman
Ellender	Lehman	Stennis
Ferguson	Lennon	Symington
Flanders	Long	Thye
Frear	Magnuson	Upton
Fulbright	Mansfield	Watkins
George	Martin	Wiley
Gillette	Maybank	Williams
NOT VOTING—8		
Bridges	Clements	Kefauver
Byrd	Eastland	McClellan
Capehart	Ervin	

So Mr. MALONE's amendment was rejected.

Mr. SMATHERS obtained the floor.

Mr. JOHNSON of Texas. Mr. President, will the Senator from Florida yield to me so that I can make an inquiry of the Senator from California?

Mr. SMATHERS. I yield.

LEGISLATIVE PROGRAM

Mr. JOHNSON of Texas. Mr. President, I wonder whether the majority leader could indicate to us what plans he has for the rest of the day and tomorrow?

Mr. KNOWLAND. I shall be glad to do so, insofar as I can predict the situation at the moment, I have had a conversation with the distinguished Senator from Vermont [Mr. FLANDERS], who had originally hoped to call up his privileged motion at about 12:30 or 1 o'clock today. I suggested that, if he would be willing to delay it for a reasonable time, we could try to dispose of the foreign operations bill first. I was hopeful that we could do that by midafternoon, and I am still hopeful that perhaps after an hour's debate or a little longer, we may be able to dispose of the pending legislation.

If it is possible to do so, I should like to have it accomplished before we take up the privileged matter which the Senator from Vermont will bring up.

I understand that the distinguished Senator from Florida [Mr. SMATHERS] has one or more amendments which will be looked upon favorably by the chairman of the Committee on Foreign Re-

lations. I believe the Senator from Florida desires to have a yea-and-nay vote on one or more of his amendments, but that he does not believe the presentation of the amendments will take more than 5 minutes.

I also understand the distinguished Senator from South Carolina [Mr. JOHNSTON] desires to speak to make his position clear on the bill, and he is certainly entitled to do so. I believe he will try to keep his remarks within reasonable bounds. I believe, also, the distinguished Senator from Michigan [Mr. POTTER] has a short speech to make on the subject. In addition, the Senator from North Dakota [Mr. LANGER] has a speech to make, which he believes will take about an hour.

I had intended to keep the Senate in session until 9:30 or 10 o'clock tonight and then have it convene at a reasonable early hour in the morning.

We will not have a call of the calendar until we dispose of both the foreign-aid bill and the Flanders proposal. That means that we may have to put off our calendar call until next Monday. Of course if we still have either the Flanders motion or the foreign operations bill pending in the Senate we will have to put the calendar call off until we have disposed of those two matters.

That is as far as I can look ahead.

Immediately following the disposition of the pending bill, I intend to move the consideration of the farm bill so that it may be made the unfinished business, following which it is planned to proceed to consider the social-security bill, and the other bills which will have to be considered prior to adjournment.

I expect that tomorrow morning we will probably not meet as early as this morning, but perhaps at 10 o'clock. I suggest that the session begin at that hour because I am hopeful that we will not sit too late on Saturday night, under all the circumstances.

Mr. JOHNSON of Texas. Mr. President, is it the intention of the majority leader to keep the Senate in session until it acts on the proposal of the distinguished Senator from Vermont, even though it may run late tomorrow evening?

Mr. KNOWLAND. I would not expect to keep the Senate in session much beyond 10 o'clock in the evening, in any event, under all the circumstances.

Mr. JOHNSON of Texas. The Senator realizes, of course, that there are still 3 or 4 hours of debate on the pending bill, including the speeches by the Senator from South Carolina [Mr. JOHNSTON] and the Senator from North Dakota [Mr. LANGER].

Mr. KNOWLAND. I understand.

Mr. JOHNSON of Texas. Is it the Senator's plan to finish with the pending bill before proceeding with the Flanders motion?

Mr. KNOWLAND. I should like to have the cooperation of the Senator from Vermont and other Senators, so that we might dispose of the Foreign Operations bill first. The reason I say that is that the Foreign Operations bill is an authorization bill. The appropriation bill for foreign operations is now before the Committee on Appropriations, and is in

the mark-up stage. Of course, we cannot take up the appropriation bill until we have finished the consideration of the authorization bill. In the normal orderly legislative procedure it would be advisable to complete consideration of the pending bill if it is at all possible to do so, before proceeding to another matter. Of course, I am subject to the will of the Senate. If the Senate decides to take another course, the Senate has it in its power to do so.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. KNOWLAND. I yield.

Mr. MAYBANK. Mr. President, in view of what has been said, and the long debate which is still to take place on the bill, and because the Appropriations Committee will meet tomorrow, Saturday, at 10:30, to mark up the appropriation bill on foreign aid, I ask unanimous consent to be excused from the session of the Senate tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. KNOWLAND. I yield.

Mr. MORSE. I have been advised that the majority leader has been advised that I intend to speak on the bill. I believe it will be rather a relief for him to be told that I do not intend to speak for more than 20 minutes.

Mr. KNOWLAND. It is a considerable relief, I will say to the distinguished Senator from Oregon.

Mr. MUNDT. Mr. President, will the Senator yield?

Mr. KNOWLAND. I yield.

Mr. MUNDT. I inquire whether it would not be well to schedule consideration of the farm bill ahead of a call of the calendar. We are approaching the end of the session, or at least some of our optimistic colleagues hope we are, and the farm bill will necessitate some debate.

Mr. KNOWLAND. I will say to the distinguished Senator from South Dakota that it seems to the majority leader that we can probably dispose of the call of the calendar of bills to which there is no objection in one afternoon or in a half day. There are a great many bills on the calendar which may be passed when the calendar is called, and which, therefore, would not have to be scheduled for consideration by motion. Until we have had a call of the calendar it is very hard for the majority leader to determine what measures it will be necessary to fit into the program for the remainder of the session. So I should like, following disposal of the pending foreign operations bill and the Flanders motion to have a call of the Calendar of Bills to which there is no objection, because that will indicate to me and to the Senate what bills of those which remain will have to be taken up by motion. I believe we can proceed with reasonable expedition in that way.

Mr. MUNDT. Is it the understanding that there is nothing ahead of the farm bill except the calendar?

Mr. KNOWLAND. I have no intention of moving to consider any other legislation between the foreign-aid bill and the farm bill.

Mr. YOUNG. Mr. President—

Mr. KNOWLAND. I now yield to the Senator from North Dakota.

Mr. YOUNG. Can the distinguished floor leader give us any idea how much time we may expect in conference with the House on the farm bill before we move toward adjournment?

Mr. KNOWLAND. I will say to my good friend from North Dakota, with whom I serve on the Appropriations Committee, that I used to think I could predict with some accuracy the length of time a bill would take in passing the Senate, but I have lost that capacity to predict. Consequently until we know how long the farm bill is to take on the floor, it is difficult for me to say how long it will take in conference, because that might depend upon the number of amendments or the form in which the bill passes the Senate.

In my more optimistic moments I had thought we might dispose of the farm bill in 2 full days of debate and voting, with sessions of probably 12 hours each day. I think that is about the best we could do. It might even require 3 days.

If that happens and again depending upon the final form the farm bill takes, I think we would have to allow at least 3 or 4 days in conference.

Mr. YOUNG. If we could be sure it was 3 or 4 days in conference, I think everyone would be satisfied.

Mr. KNOWLAND. I shall strive toward that end, but again I have no way of predicting how many days the Senate will be occupied on the Flanders motion or when we may reach the farm bill, assuming that we are able to dispose of the foreign-aid bill this afternoon.

Mr. YOUNG. Many of us would have to oppose an adjournment until we had had time to consider the farm bill.

Mr. KNOWLAND. I understand that. I will say to the Senator that the majority leader has no intention of moving to adjourn the Senate sine die until it has completed consideration of the priority legislation; and the farm bill is very definitely part of the priority legislation.

Mr. FLANDERS. Mr. President—

Mr. KNOWLAND. I yield to the Senator from Vermont.

Mr. FLANDERS. I thank the majority leader for the cooperation he has given me in this matter. In turn, I have tried to cooperate with him. In postponing my privileged motion from July 20 to July 30, I had in mind, among other things, the expectation that the farm bill would be disposed of by that time. Most unfortunately, certain events intervened and consideration of that bill has not yet been started.

I do desire to initiate my motion on this day and date. I wish to allow a reasonable time for debate on the pending bill. I do not feel that I would want to postpone it beyond, say, 7 o'clock this evening. It is now a quarter to 3 and, as I have added up this length of speech, that length of speech, the other length of speech, and another length of speech, it has seemed that with reasonably judicious speaking on the part of those involved we should be ready for a vote by 7 o'clock.

So I will not take advantage of the privilege of my motion until that time,

unless by happy incident and accident the pending measure shall have been passed before then.

Mr. NEELY. Mr. President—

Mr. KNOWLAND. I yield to the Senator from West Virginia.

Mr. NEELY. Mr. President, I inquire of the distinguished majority leader if he will very graciously inform me whether, in his opinion, the parliamentary situation of the Senate will be such next Tuesday as to make it necessary for my distinguished colleague [Mr. KILGORE] and me to neglect our democratic duty of voting in the West Virginia primary on that date.

Mr. KNOWLAND. I will say to the distinguished Senator from West Virginia that I hope the West Virginia laws permit absentee voting. The primary in the State of the distinguished Senator from Texas [Mr. JOHNSON] was held a short while ago, and he had to remain at his post of duty in Washington and vote by absentee ballot. In view of the heavy program before us, I can give no assurances to the distinguished Senator from West Virginia, or to any other Senator, from now until adjournment sine die, that there will be no voting on any remaining day of the session, much as I should like to accommodate the Senator and his colleague.

Mr. NEELY. Would the Senator, then, from his long experience, graciously tell me how one would vote by absentee ballot if he were running for office without suffering too much injury as a result of that procedure?

Mr. KNOWLAND. It is a difficult problem, but I suppose the Senator is faced with the unhappy choice that all of us sometimes have in life, of selecting between 2 alternatives, neither 1 of which is a happy one. I suppose he will either have to arrange a live pair in the Senate and go and cast his ballot in West Virginia, or miss his vote here.

Mr. NEELY. Will the Senator help me in obtaining a live pair for that day?

Mr. KNOWLAND. I suppose that, whatever the issue is, there will be a division of opinion on both sides of the aisle, and perhaps the Senator will be fortunate enough to obtain a live pair on his side of the aisle. If he is not able to do so, I shall be glad to discuss the matter further with him.

The PRESIDING OFFICER. The Chair is advised that the Senator from Florida [Mr. SMATHERS] was recognized and he yielded to the Senator from Texas [Mr. JOHNSON], who, in turn, yielded to the Senator from California [Mr. KNOWLAND] for the purpose of clarifying only the question of the procedure of the Senate at the present time.

Mr. JOHNSON of Texas. I thank the distinguished Senator from Florida [Mr. SMATHERS] for yielding.

Mr. KNOWLAND. Mr. President, I also wish to thank the Senator from Florida.

MUTUAL SECURITY ACT OF 1954

The Senate resumed the consideration of the bill (H. R. 9678) to promote the security and foreign policy of the United States by furnishing assistance

to friendly nations, and for other purposes.

Mr. SMATHERS. Mr. President, I call up my amendment 7-22-54-J, and ask that I be permitted to explain it.

The PRESIDING OFFICER. The amendment offered by the Senator from Florida will be stated.

The CHIEF CLERK. On page 106, lines 20 to 22, it is proposed to strike out "\$112,070,000 for technical cooperation programs in the Near East, Africa, South Asia, Far East and Pacific, and Latin America" and insert "\$88,570,000 for technical cooperation programs in the Near East, Africa, South Asia, and Far East and Pacific, and \$33,500,000 for such programs in Latin America."

Mr. SMATHERS. Very simply, this amendment would add \$10 million to the technical cooperation programs of the countries of Central and South America. After it is added, it will mean that there will be going to the countries of Latin America a sum of approximately 1.2 percent of the total authorization. I think all of us would agree that that certainly is not too much. I have talked with every member of the Foreign Relations Committee, and each of them, with one exception, has indicated that he thought this was a good amendment. As a matter of fact, the Senator from Indiana [Mr. CAPEHART] asked that I offer it in his name as well as mine.

I have in my hand a 30-minute speech which I am prepared to make in support of this amendment. However, I wish to save the time of the Senate and believe much more would be accomplished if I waived my 30-minute speech and asked for a yea-and-nay vote so that the people of Latin America can see that they have 96 good friends in the Senate of the United States.

Mr. KNOWLAND. Mr. President, I am glad to join with the Senator from Florida in asking for the yeas and nays on the amendment.

The yeas and nays were ordered.

Mr. MORSE. Mr. President—

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Oregon?

Mr. SMATHERS. I yield to the Senator from Oregon.

Mr. MORSE. I am seeking information with respect to the amendment. I have not seen the amendment. Am I correctly advised that the amendment seeks to eliminate from the bill aid to the Middle East and transfer that aid to Latin America?

Mr. SMATHERS. No, sir; the Senator is incorrectly advised. All the amendment proposes is a \$10 million increase in the total amount in the bill. We leave all the other authorizations as they are.

Mr. MORSE. That is the amount authorized in this bill for aid to the Middle East—which, in my opinion, is inadequate; and about which I am going to have something to say later—is left without any effect upon it whatsoever, but the amendment provides an additional \$10 million for Latin America?

Mr. SMATHERS. That is correct.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. SMATHERS. I am happy to yield to the Senator from Illinois.

Mr. DOUGLAS. My memory is incomplete on this subject, but I thought I had read the amendment of the Senator from Florida.

The PRESIDING OFFICER. Will the Senator suspend until we have order in the Chamber? The Official Reporters have to take this colloquy down in shorthand, and it is impossible for them to follow from one side of the aisle to the other side unless there is reasonable order in the Chamber.

The Senator from Illinois may now proceed.

Mr. DOUGLAS. Mr. President, prefatory to my question of the Senator from Florida may I say I read this amendment earlier in the day and I thought it called for a corresponding reduction in the appropriation for technical assistance to the Near East. Is that correct?

Mr. SMATHERS. The Senator was correct. The Senator has reference, however, to a prior amendment which I introduced and had at the desk, but which I have since abandoned.

The amendment which I have now presented is solely for the purpose of increasing by \$10 million the total authorization for technical assistance to Latin America. It leaves the other authorizations under the bill unchanged.

Mr. DOUGLAS. Mr. President, may I now ask unanimous consent that I may address a question to either the distinguished majority leader or the eminent chairman of the Committee on Foreign Relations, as to whether the proposal of the Senator from Florida is satisfactory to the White House and to the administration?

The PRESIDING OFFICER. Is there any objection to the unanimous-consent request? The Chair hears none. It is so ordered.

Mr. KNOWLAND. I will say to the Senator from Illinois I cannot answer that question myself, except that I know the members of the Foreign Relations Committee, of which I am one, have been canvassed. I believe all those Senators who have been canvassed, at least, are favorable to the amendment. Personally, I intend to vote for the amendment. I think it is a good amendment.

I asked for the yeas and nays because the Senator from Florida thought it would be helpful in the matter to have the yeas and nays, but the amendment is not being resisted. To the contrary, the amendment is being supported.

Mr. DOUGLAS. Mr. President, would it be an improper question for me to inquire of the distinguished majority leader whether he has consulted representatives of the White House on this amendment to determine whether or not the administration objects to it?

Mr. KNOWLAND. I have not consulted the White House, but I will say to the distinguished Senator from Illinois I do not feel in my legislative capacity I have to run to the telephone every time I am voting on an amendment. I can see no reasonable objection to the amendment. I know of no objection from the administration.

I know the administration is vitally interested in our South American neighbors. I believe it is a good amendment, and I shall personally support it.

Mr. SMATHERS. I may say to the Senator from Illinois I have in my hand a letter from Henry F. Holland, Assistant Secretary of State, who, I may say, is in charge of Latin American affairs. He states:

In reply to your oral request for my views regarding a possible increase of \$10 million in the Technical Assistance Program for Latin America, I am confident that such an increase would be extremely effective in carrying forward our policies—

I should be happy to have this letter made a part of the RECORD.

Mr. DOUGLAS. Would the Senator ask that the letter be included in the RECORD?

Mr. SMATHERS. I should be happy to ask unanimous consent that this letter be made a part of the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

JULY 20, 1954.

The Honorable GEORGE A. SMATHERS,
United States Senate.

DEAR SENATOR SMATHERS: In reply to your oral request for my views regarding a possible increase of \$10 million in the technical assistance program for Latin America, I am confident that such an increase would be extremely effective in carrying forward our policies in strengthening this hemisphere against the inroads of international communism as rapidly as these funds can be translated into specific programs. If such an increase for the Latin American area were to result in a reduction in funds available for other areas of the world, this would raise serious questions about the attainment of foreign relations objectives in those areas.

While governmental assistance in the Latin American area is very important, I am sure you will agree that, in efforts to strengthen the economies of our neighbors in this hemisphere, private enterprise is even more important. In my opinion, sound economic development and increased trade are required with fullest reliance on private initiative and capital. Careful planning and expansion are needed in such basic fields as transportation, power, and the exchange and training of students and technicians. This is especially important at this time and any opportunity to increase our cooperative efforts in these fields would be extremely important and definitely in our national interest.

Due to the urgency of this matter, this letter has not been cleared with the Bureau of the Budget to which a copy is being sent.

Sincerely,

HENRY F. HOLLAND,
Assistant Secretary.

Mr. DOUGLAS. May I ask the Senator from Florida whether he has consulted with the Secretary of State himself on this matter.

Mr. SMATHERS. The answer is that I have not consulted with the Secretary of State himself. I have consulted with Henry F. Holland, an Assistant Secretary.

Mr. DOUGLAS. Does the Senator presume that this letter from the Assistant Secretary meets with the approval of the Secretary of State?

Mr. SMATHERS. I presume so, but it is only a presumption on my part.

Mr. DOUGLAS. May I ask the distinguished majority leader, or the chairman of the Foreign Relations Commit-

tee, because I am very anxious to support the administration on foreign affairs, where my conscience permits, if I am presumptuous in believing this letter from the Assistant Secretary of State reflects the opinion of the Secretary of State?

Mr. KNOWLAND. I wish to say to the Senator that I think it is a fair presumption that when the Assistant Secretary of State of the United States in charge of Latin-American relations writes a letter to a Senator, as he has done in this instance to the Senator from Florida, who had proposed an amendment, and states that the proposed amendment is acceptable, the Assistant Secretary is speaking for the Department of State and the Department of State is speaking for the administration.

Mr. DOUGLAS. Then a vote for this amendment, I take it, would not be interpreted as a vote against the President's program.

Mr. KNOWLAND. I think the Senator may be assured of that; and I hope in the future on all other legislation proposed the Senator will be as diligent in wanting to support the administration.

Mr. DOUGLAS. May I say I support the administration when my conscience tells me the administration should be supported. I believe that in foreign affairs the administration should be given the benefit of the doubt, I, therefore, shall act with the understanding that a vote for this amendment will not be interpreted as a vote against the administration's foreign policy.

Mr. CHAVEZ. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Florida yield further?

Mr. MORSE. Mr. President, will the Senator yield for a question?

Mr. SMATHERS. I am happy to yield to the Senator from New Mexico [Mr. CHAVEZ].

Mr. CHAVEZ. Mr. President, I want to ask a question of the Senator from Florida. The Senator from Florida has offered an amendment increasing the authorization in order to contribute a little more to Latin America.

Mr. SMATHERS. The Senator is correct.

Mr. CHAVEZ. Is it not a fact that heretofore the United States has done little or nothing outside of "lip service" to help Latin America?

Mr. SMATHERS. The Senator is correct.

Mr. CHAVEZ. Does it make any difference how the administration feels about the amendment, if the Congress of the United States decides it should be included in the bill? Then if the President does not like the proposed legislation, he can veto the bill. However, it is our responsibility in this instance, and it is not the responsibility of the administration.

Mr. SMATHERS. The Senator is correct.

Mr. CHAVEZ. I hope the administration is satisfied with the bill, but I am not going to ask the permission of the administration, or try to find out how the administration feels about this amendment, if I think it is a good amendment.

I do not know how the administration felt about the earlier amendment of the Senator from Nevada [Mr. MALONE]. I care less. I take it the presumption was the administration was against the amendment. However, I thought the amendment of the Senator from Nevada was a good amendment, and I voted for it. It will be my privilege to vote for the amendment of the Senator from Florida, and I desire to compliment the Senator for his consideration of the people of Latin America who have been neglected.

Heretofore more attention has been paid by the administration to a few foreign corporations exploiting the people of some of the countries of Latin America than has been paid to all of Latin America.

Mr. HUMPHREY. Mr. President—

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Minnesota?

Mr. SMATHERS. Mr. President, I yield to the Senator from Minnesota.

Mr. HUMPHREY. Mr. President, I thank the Senator from Florida.

I rise merely to commend the junior Senator from Florida for his diligence in watching over matters which pertain to South America and Latin America.

As I understand, after reexamining this amendment, what the amendment seeks to accomplish is strictly an addition to the technical assistance authorization of the foreign-aid bill. In Latin America we first started technical assistance under the Smith-Mundt Act, and now it is sought to add \$10 million to an established program, which already has its field offices and already has its beginnings very well under way.

I think this amendment will greatly benefit the general foreign policy of our country, with respect to the Latin American area. I am of the opinion this \$10 million will do more good than \$100 million spent in other parts of the world, and will back up some of our speeches and pronouncements with deeds.

In that spirit I should like to associate myself with the Senator's endeavor of the Senator from Florida, and to commend him for what I consider to be a very fortunate statement of policy.

Mr. SMATHERS. I thank the Senator very much.

Mr. MORSE. Mr. President—

Mr. SMATHERS. I yield to the Senator from Oregon.

Mr. MORSE. I seek only further clarification, because I have the amendment which was handed to me by the clerk. The amendment leaves me in some doubt as to what it really seeks to accomplish. The amendment says:

On page 106, lines 20 to 22, strike out "\$112,070,000 for technical cooperation programs in the Near East, Africa, South Asia, Far East and Pacific, and Latin America" and insert "\$88,570,000 for technical cooperation programs in the Near East, Africa, South Asia, and Far East and Pacific, and \$33,500,000 for such programs in Latin America."

The wording of the amendment leaves me in some doubt, in view of what I understood was the Senator's explanation,

when he said all he was seeking to do was add \$10 million for aid to Latin America over and above what is already authorized in the bill. I heartily endorse that proposal, but I have a little difficulty seeing how the explanation fits into the language of the amendment. Would the \$10 million be earmarked for Latin America?

Mr. SMATHERS. Under the bill, \$112,070,000 would be authorized for technical assistance programs in the Near East, Africa, south Asia, Far East and Pacific, and Latin America. Of this total \$23,500,000 is set aside for Latin America. My amendment merely proposes to increase by \$10 million the technical assistance program for Latin America making the total authorization for such purpose the sum of \$33,500,000. This amount would be earmarked for Latin America. I think the legislative history which we are making will make it eminently clear that the amendment is in no way designed to decrease the authorization for any of the technical assistance programs in the Near East or anywhere else in the world. It is designed merely to increase by \$10 million the technical assistance program in Latin America.

Mr. WILEY. Mr. President, will the Senator yield?

Mr. SMATHERS. I yield to the Senator from Wisconsin.

Mr. WILEY. I am very happy to say that I was informed by the distinguished Senator that every member of the committee was canvassed and was favorably disposed toward the amendment. I am very happy to say that my position is the same.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator yield?

Mr. SMATHERS. I yield to the Senator from South Carolina.

Mr. JOHNSTON of South Carolina. I wish to commend the Senator from Florida for thinking about people who are a little closer to home. At least those people are located in the Western Hemisphere. When we first started, the program was directed toward people of Europe. Gradually we are getting closer to home. I wonder if the Senator from Florida has provided anywhere in his amendment for assistance to the unemployed people in the United States, and also for people who are old, and for those who have to beg for something to eat?

Mr. SMATHERS. I have not provided for such relief in the pending amendment, but I might say to the Senator from South Carolina that the social-security bill is on its way to the Senate floor. There are provisions in that bill designed to help old people and others who are in need of assistance.

Mr. JOHNSTON of South Carolina. How about the person who is not yet 65, but is between 60 and 65? What is being done for him?

Mr. SMATHERS. Such a person would come under the proposed social-security bill which will shortly be before the Senate. Actually, the social-security bill provides extended and improved coverage. I believe when the Senator from South Carolina hears the discussion on the social-security bill he will be satisfied

with the progress being made toward giving assistance to persons who need it.

Mr. JOHNSTON of South Carolina. I wish to commend the committee for what it did in the social-security program this year, but the committee has done nothing regarding persons between the ages 60 and 65.

Mr. SMATHERS. Of course, I shall be happy to discuss the question with the Senator from South Carolina, but, as he knows, the bill now before the Senate is the foreign-aid bill. Obviously, the question which the Senator from South Carolina raises would not come within the scope of the pending proposed legislation. I am sympathetic with the problem about which he is talking. In the State of Florida there is probably a larger proportion of elderly people than in any other State of the Union. I am very much concerned with the problem and want to do everything for deserving persons in that category.

Mr. JOHNSTON of South Carolina. I am glad to hear the Senator from Florida say that. I believe that if we keep on, we will gradually drift toward home, and we will be here in the United States in a very short time.

Mr. STENNIS. Mr. President, will the Senator from Florida yield?

Mr. SMATHERS. I yield to the Senator from Mississippi.

Mr. STENNIS. With his usual alertness, the Senator from Florida has looked to the development of relations with Latin America, and also to a program, not of relief for those fine people, but one in which we can help them in a most cooperative way, that of technical assistance. I commend the Senator highly. I have been attracted before to the Senator's speeches and his fine knowledge of the relations between our country and Latin America. I share the hope that we will look more and more to those nations, with whom we have a natural affinity geographically, and in whom we have a great deal of interest from a military standpoint and possible worldwide developments.

I believe the technical-assistance program is the right approach, and that a relief program would not be.

Mr. SMATHERS. I thank the Senator from Mississippi for his kind and generous remarks.

Mr. KENNEDY. Mr. President, will the Senator from Florida yield?

Mr. SMATHERS. I yield to the Senator from Massachusetts.

Mr. KENNEDY. I should like to join with the Senator from Mississippi in congratulating the Senator from Florida for the leadership he has taken in this matter. Those of us in the Senate who heard his fine speech on Guatemala understand why we feel the way we do about him.

Mr. LEHMAN. Mr. President, will the Senator from Florida yield?

Mr. SMATHERS. I yield to the Senator from New York.

Mr. LEHMAN. I am very glad indeed to see an increase in technical assistance given to Latin America. I think it will constitute a very valuable contribution to our welfare. However, I wish to make sure, although I think I under-

stand the situation, that providing for an increase of \$10 million for Latin America will not result in a decrease in the technical-assistance program for the Near East, Africa, south Asia, the Far East, or the Pacific areas.

Mr. SMATHERS. I thank the Senator from New York, and I can assure him I do not believe he has a thing in the world to worry about. It is not my intention to reduce technical assistance for the Middle East and other areas of the world.

Mr. LANGER. Mr. President, will the Senator from Florida yield?

Mr. SMATHERS. I yield to the Senator from North Dakota.

Mr. LANGER. Does the \$10 million increase the total amount of the appropriation?

Mr. SMATHERS. It increases the total amount of the authorization by \$10 million, but I should like to point out to the Senator it means that the 20 Latin American Republics, with a population of 165 million, who are our good neighbors, will still get only a little more than 1 percent of the total authorization provided for in the bill.

Mr. HOLLAND. Mr. President, will my colleague yield to me?

Mr. SMATHERS. I am glad to yield to my distinguished colleague.

Mr. HOLLAND. First, I wish to compliment warmly my distinguished colleague on his amendment. I think it is a very timely one.

Second, if I may be permitted to make a brief comment, as the Senator knows, a few days ago I attended the Sixth Inter-American Road Congress at Caracas, Venezuela, as an observer for the Senate Committee on Public Works. In the course of that visit to Venezuela, I had the opportunity to meet again some very good friends of our country and some very warm personal friends of mine, whom I have had the pleasure of meeting and knowing well at the Extraordinary Road Congress in Mexico City, held 2 years ago, and on such occasions as our trip into Mexico for the foot-and-mouth disease eradication inspection. I see several Senators now present on the floor who were also on that inspection trip.

During my recent visit to Caracas, I learned that our very best friends in South America are apprehensive over the fact that there are still weak places in Latin America which are apt to have happen to them something like the sad, recent experience of Guatemala. Some of these good friends of ours come from much stronger countries and much more prosperous countries than Guatemala. These persons were in the most friendly mood at Caracas in advising, not only me, but also our representatives who were present from the Department of State, the Department of Commerce, and the House of Representatives, about the fact that they felt that the areas in which the possibility of Communist infiltration was the greatest were those areas where the material development has been least, and where poverty is the most abject.

Not just one of those persons, but several of them, in the most cordial possible

terms, talked about the subject and expressed the hope that we would be able to do more, particularly in those areas where the development has been the least and where the poverty is great and where there exists the greatest chance for trouble and for the infiltration of Communist doctrines.

So I think the step suggested by the amendment is in a critical direction of gravest importance to our country and to the cause of freedom everywhere. Brazil came strongly to our assistance in World War II. We know that Colombia had a sizable contingent with our boys in Korea. We know that in spite of such vexatious questions as the coffee shortage and other questions which are well known to Senators, we still have a large number of very strong friends in Latin America. I think we should, by all means, show ourselves worthy of their friendship, and should try to bring this kind of assistance to bear promptly in those weak places where such assistance can make itself felt so greatly.

I again commend my distinguished colleague.

Mr. SMATHERS. I thank the distinguished senior Senator from Florida, who has an intimate knowledge of the situation.

Mr. President, it is my hope that this increase in authorizations will be used for the development of communications, transportation, hydroelectric power, and the exchange of students and technicians.

Much more could be said on this subject. However, a yea-and-nay vote has been ordered on the question of agreeing to the amendment. I think it would be wonderful for our relationships with Latin America if the Senate of the United States were to go on record unanimously in favor of my amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Florida [Mr. SMATHERS].

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. SALTONSTALL. I announce that the Senator from Indiana [Mr. CAPEHART] is absent by leave of the Senate.

The Senator from Ohio [Mr. BRICKER] is absent on official business.

The Senator from Connecticut [Mr. PURTELL] is necessarily absent.

Mr. CLEMENTS. I announce that the Senator from Virginia [Mr. BYRD], the Senator from Mississippi [Mr. EASTLAND], the Senator from Tennessee [Mr. KEFAUVER], the Senator from West Virginia [Mr. KILGORE], and the Senator from Arkansas [Mr. MCCLELLAN] are absent on official business.

I announce further that if present and voting, the Senator from Tennessee [Mr. KEFAUVER] would vote "yea."

The result was announced—yeas 86, nays 2, as follows:

YEAS—86

Aiken	Bowring	Carlson
Anderson	Bridges	Case
Barrett	Burke	Chavez
Beall	Bush	Clements
Bennett	Butler	Cooper

Cordon	Humphrey	Murray
Crippa	Ives	Neely
Daniel	Jackson	Pastore
Dirksen	Jenner	Payne
Douglas	Johnson, Colo.	Potter
Duff	Johnson, Tex.	Reynolds
Dworshak	Kennedy	Robertson
Ellender	Kerr	Russell
Ervin	Knowland	Saltonstall
Ferguson	Kuchel	Schoeppel
Flanders	Lehman	Smathers
Frear	Lennon	Smith, Maine
Fulbright	Long	Smith, N. J.
George	Magnuson	Sparkman
Gillette	Malone	Stennis
Goldwater	Mansfield	Symington
Gore	Martin	Thye
Green	Maybank	Upton
Hayden	McCarran	Watkins
Hendrickson	McCarthy	Welker
Hennings	Millikin	Wiley
Hickenlooper	Monroney	Williams
Hill	Morse	Young
Holland	Mundt	

NAYS—2

Johnston, S. C. Langer

NOT VOTING—8

Bricker	Eastland	MCClellan
Byrd	Kefauver	Purtell
Capehart	Kilgore	

SC Mr. SMATHER'S amendment was agreed to, as follows:

On page 106, lines 20 to 22, strike out "\$112,070,000 for technical cooperation programs in the Near East, Africa, South Asia, Far East and Pacific, and Latin America" and insert "\$88,570,000 for technical cooperation programs in the Near East, Africa, South Asia, and Far East and Pacific, and \$33,500,000 for such programs in Latin America."

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. POTTER obtained the floor.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. POTTER. I yield to the distinguished Senator from North Dakota, with the understanding that I do not lose the floor.

Mr. LANGER. I ask unanimous consent, in view of the minority views which were filed 30 days ago, and delivered to the desk of each Senator, that the speech which I had intended to deliver this afternoon be printed without my actually delivering it.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

EUROPEAN INTERESTS FIRST

Is it not our policy under this administration as it was in the preceding one to treat Europeans and their interests as our so-called first line of defense? Principally, has it not been our policy, and is it not now our policy, to defend Britain and her imperial interests all over the world as an essential prerequisite to American welfare? And is that not also true of our defense of France? Is this not why we have allowed ourselves to be dragged time after time into the preposterous and imprudent commitments which have passed under the name of mutual self-help, loans, and reciprocal trade, and which now flaunts its painted visage under the untrue and dishonest slogan "Trade, not aid"?

Let us face the whole truth. Is it not a fact that we have disrupted our American economy to the point of real danger, leeching its productive resources and imposing a crushing burden of debt upon whole echelons of unborn generations to come?

And what productive good has come out of all this? I do not think it enlarges upon the position to say, "None." The position of the United States in the world economy

has steadily deteriorated. Russia which once was inconceivably weak in relation to our Nation, industrial, geographical, military, and finance-wise, is rapidly reversing the position. We have lost China and central Europe, southeastern Asia is steadily slipping away. England and France may also be going. Former United States Ambassador Bowles has reported that there is at least 1 chance in 3 that India will go Communist in a few years. Africa is in danger; and Europe has been stampeded at the first sign of Russia agreeability, to abase itself at a new Munich for the sake of trade and profits.

THE REPUBLICAN PLATFORM

Finally, is it not ironic that it is a Republican administration, my old friends and comrades of the Grand Old Party, who have taken up the cudgels for continued oppressive taxation, who feel that the American taxpayer, like Atlas, must bear the entire world on his back, and who resist any effort to reduce taxes to a reasonable level? Does anyone need to remind my comrades of the GOP that all of this is in direct opposition to the platform and the claims on which the Republican ticket rode into office?

Mr. Eisenhower and his Cabinet looked very handsome on the round-table discussion which was so impressively staged almost 2 years ago on the television circuits by that New York advertising agency. But the silence of the American people in the face of this adroitly handled public relations operation must not be considered as consent. They are frankly unconvinced. If it is true that in electing Dwight Eisenhower Chief Executive of the United States they repudiated Harry S. Truman, the people of the United States will not support these same policies under a different label.

IT IS TIME TO SPEAK OUT

It may be that in saying these things I place myself under serious political risk. To speak with such frankness is not the path of political opportunism, nor is it good, practical politics. No one knows better than I the steamrolling ability of a political machine which holds the sources of power in its hands.

I have considered all this, and within my inner soul I have found the only possible answer. I do not believe that anyone will so act against me in an effort to stifle the right of an American Senator to speak, however they may be stung by the nettles of truth.

These observations are expressed without reservation and without fear of offense. For the greatest offense that can be given in these days where the very future of our institutions is threatened is not to one's friends or to one's associates in a political party, but to the basic interests of the people themselves.

DEEDS, NOT WORDS

There have been other voices raised against the all-consuming folly, which under two succeeding administrations, has corrupted our national policy to the very edge of fantasy. These were the voices of men who have felt within their deepest souls immeasurably disturbed for our future. But even here, in these men of undoubted courage, we have observed a certain timidity, a feeling of uncertainty somehow, that everyone could not be out of step but Jim. That, therefore, beyond and above all reason and logic, there must be some undisclosed worth to the administration's tactics and to the estimates which have given rise to them. It is both the strength and weakness of Americans that they have tended to close ranks and to bear with their leaders, even where the position assumed by Government seemed to be grimly mistaken and dangerously undertaken.

In the great struggle which is taking place for the rights of man against the systems of

imperial enslavement, many of our own allies must at all times be conscious of the danger to which they themselves are exposed as imperialist powers and as occupiers and exploiters of others. A flood of glorious propaganda, fulsome in its self-praise of the British, French, and other imperial governments, may sound lovely and reassuring to the American ears for which it is intended, but to the Malay or the native of Indochina, or to the hounded black native inhabitant of Africa who has been reduced to helotry and shorn of the simplest human rights, the threat of Communist imperialism may well seem to be overdrawn. The Malan regime in South Africa with its unworkable apartheid policy of racial discrimination, is apt to look more real than the declarations of human rights issued periodically from our side. The native worker in the ricefields who risks his life daily in nighttime guerrilla warfare against the imperial interloper and the detested puppet governments installed by him, may well harbor similar sentiments. The Moscow-trained agent in Kenya where the desperate Mau Mau rebellion springs from the equally desperate lot of the native in his own country, is apt to appear to these people as more of a knight in shining armor than a dangerous agitator.

ASIA FOR THE EUROPEANS

In fact, by our association with the colonial oppressors we effectively cast the lie in the face of our own statements of declaration by which we are attempting to win these people over to our side. What it comes to in a nutshell is something like this: A well-known South American statesman and longtime friend of the United States, remarked dryly to me: "You Americans are so strange. The Russians are in Asia and crying the slogan, 'Asia for the Asiatics.' You on the other hand are in Asia with guns on a general commitment to the rights of democracy; but as far as the native can see, you are actively on the side of the European imperialist aggressor. To the Asiatic your actions would seem to spell out 'Asia for the Europeans.' Now logically, which side do you think the Asiatics will be on?"

The Asiatic seems to have given his answer to this. For practical purposes he seems to be on the side of the Communists. No matter what declarations are made to them about the wicked nature of Communist aggression, they are likely to answer that they are unacquainted with it, but that they are acquainted with European imperial aggression. Communist slogans may be false and fraudulent, but to the native of southeast Asia who has no political, economic, or military power in his own land and whose dignity as a man is even in question, there is an understandable willingness to look on the Russians not as future oppressors but as liberators.

UNITED STATES PLAYING SECOND FIDDLE

I think the Washington News put it plainly in an editorial when it said that "instead of uniting the independent nations of Asia against Communist aggression, the United States has been playing second fiddle to French and British colonial policy which operates to keep Asia divided." Even on the score of pure expediency, and ignoring the moral and human values with which I must be concerned if our own system is to endure, a policy based on this situation is hopelessly unreal. The imperial nations, contrary to our American interests, are determined to see their colonial possessions deindustrialized, with low levels of incentive and education, for any attempt on the part of the native to seek political, economic, and other rights would lead him directly to revolution and to control his own destinies.

Thus, when the American policymakers came to the point where they sought to take the non-Communist nations of Asia and merge them into a mutual defense organi-

zation, they found instead of independent, strong, interested nations, a group of impoverished, spiritless, and depressed colonial-ruled territories with no capacity for self-defense, no educated or ruling class, and subject to the will of European masters who saw only mortal peril to themselves in any situation which treated these people as equals and capable of such actions as a mutual self-defense pact would require.

Actually, Nationalist China, the Philippines, and South Korea desperately wanted such a Pacific defense organization. But the British and French were adamantly opposed to it. The French did not wish the three states of Indochina operating independent of France. The Dutch for similar reasons rejected the proposal, as did the British.

The result was that our State Department vetoed their own measure as being "premature." What we now see in southeast Asia is a power vacuum in which a few handfuls of guerrilla fighters tacitly supported by an embittered local population, is able to enforce continuous turmoil and near chaos. Instead of being an asset to us these colonials are a liability; instead of their population masses joining us in orderly ranks in a common struggle against the conspirators of Moscow and Peking, we observe apathetic illiterate people with little stake in the world, who regard us with unconcealed suspicion. If they are to be protected against the newer and even more ruthless slavery of communism, it will have to be against their will, and by the intervention of American arms and men.

THE "BIG LIE"

Before I go further, I should observe that our mutual-aid policy is the result of a total misconception of circumstances and events, so enormous as to partake of the aspects of a gigantic swindle. It has in association with it, all the configuration of the "big lie." It is the very boldness of this fraud which protects it from observation. Like the man who having committed one murder, must commit a second to cover up the first, and a third to cover the second, each of these deceptions demands in turn an even more preposterous stratagem to cover the previous one. All the arts of public relations skill are let loose to prove that black is really white, until no one knows any more where truth and good sense are. This is a complication of events which can end only with the destruction of the American character and of the Nation itself, unless we take clear counsel of ourselves.

I do not for a moment argue that we should not help our friends. The problem is to find them, and then to come to a modus vivendi which involves a true mutuality of interests and obligations. The hypnotic catch phrases which are so skillfully thrown at the heads of the Congress and at the American people, are not a proper substitute.

The declaration that we don't dare stand alone in the world, has a magnetic sound to it. It appears unanswerable until it is realized that for practical purposes we actually are standing alone.

DOUBTFUL ALLIES

It is axiomatic that a doubtful and vacillating ally or a self-seeking associate does more harm than good. A single look at events in Korea tells us that if a real alliance is to be based on give and take, on sacrifices freely offered and loyalties clearly given, all we have in our camp is a group of restive, self-seeking retainers whose entire course of action is dictated by cold-blooded self-seeking. As long as we are content to pass out the money, pay for everything all around, and play the pretentious role of the grand seigneur to the less favored, these are the kind of associates we will have.

I shall refer to all this again, pointing out in detail the omissions and cunningly fash-

ioned distortions of fact which the Government so carefully glosses over. But there is something else I should first like to trace. This is the astonishing metamorphosis which has overcome the thinking of those responsible for the direction of American foreign policy. It is a change in the national attitude which has truly been revolutionary.

AMERICANISM AGAINST EUROPEANISM

Men are fond of quoting the wise admonishments of Washington, Jefferson, Madison, Monroe, and other Founding Fathers, warning Americans not to become entangled in the affairs of Europe. We were told that this was the pathway to American ruin. It was these same noble minds which formulated the style of government and social organization which rules the United States and which differentiates Americanism from Europeanism in the truest sense. If their warnings to avoid entanglement in the perpetually embittered affairs of Europe were not correct, then the political formulations they embodied in the Constitution, in the Declaration of Independence, and in the economic and political structures of our American society, also are not correct. For all of these are the outcome of the same estimates of life, and of the identical philosophic spirit. The point of view which dictates the one, inescapably flows out of the other.

Americanism was not a mere continuation of Europeanism, the outcome of some relatively secessionist desire of unruly colonists to form a new political unit on the earth's surface. It was actually in the most profound social and political sense, something altogether new, a revised outlook on the effort to create a new and better relationship between man and his fellowmen. To accomplish this result the Founding Fathers knew it would be necessary to escape entirely from the age-long hatreds, the social neuroticisms, deep-rooted suspicions, the bloody tyrannies, egotisms, and exploitations which had always characterized the life of Europe. It was necessary to break loose from the entire pattern in which these European states operated, and to deny and negate the fundamental concepts by which they ordered their lives.

There are very few of us whose ancestors did not come to this country because they in one way or another understood these distinctions. They came because they were fed up with Europe and wished to make for themselves and their descendants a new kind of life based upon a new understanding of the duties and privileges of men. It was for this reason that there has been a one-way flow of so many millions of Europeans to our shores—I should say of the very best Europeans—who have seen in the spirit and form of the United States the Shangri-la of their finest hopes. Were we to open our doors wide, this flow would become a great flood again.

WHAT "FREE PEOPLES"?

When I see the Government in its effort to justify our recent entanglement with the affairs of other nations, describe them as "the free peoples of the world," as if they were part of the very fabric of our family life, I am not only amazed—I am literally appalled. Actually, it is a perversion of truth to describe any of the nations of the Old World in the same breath with ourselves, on the score of social and political organizations, outlook or basic principles of life.

As for the Asiatic states, they certainly have had no experience in our type of political and social organization at all. They are for the most part victims of European aggression, and their inhabitants continue at a subsistence level—illiterate, depressed, and usually on the very verge of starvation. Even where they are reasonably free from European exploitation, they are the victims of domestic exploitations. Their elections are

usually conducted by strong men at the point of the gun. This was certainly true of our wartime ally in Korea, Syngman Rhee, and is even declared to be the case in our own recently freed Philippines.

I have no feeling of animus toward these people and wish them well in their gropings toward some kind of well-being for all of their people. I merely say that to describe them as active participants in our own style of government and social order is complete misstatement.

SPLINTERED EUROPE

As for Europe, the first prerequisite to a simulation of the American type of constitutional, free-enterprise system is the elimination not only of the antique remnants of feudal organization but also of the self-seeking sectionalisms which set up impenetrable barriers to the free flow of trade and free intercourse of each people with its neighbors. Europe consists of a great group of economic, political splinters which through the charted course of history have made unrelenting political, military, economic war upon each other. Their governments are self-centered and egocentric by tradition, and accept as a normal and natural element of existence the principle that their fundamental rights and duties are only to themselves. In their relationships with each other they recognize no law, moral or otherwise, except that dictated by their own needs and desires, and by the amount of muscle they are able to apply to the resolution of any given problem. Napoleon pronounced the true European view toward events when he declared that "God was always on the side of the heaviest artillery."

This cynical disregard for the rights of men, including those of their own submerged social levels, has shown itself in a variety of ways and manners. It is visible in the dismal slums which disgrace the most prosperous of European cities, in the remnants of feudal aristocracy with their medieval struttings and self-pretensions. Certainly not least, it is visible in the incessant wars which have perpetually disgraced the life of the European Continent and which have led directly to the present world crisis. Nazism and communism were a direct outcome of the parent situation I have described, though it is fashionable now to treat these social catastrophes as being somehow independent phenomena which are themselves responsible for the present troubles of the European states.

IMPERIAL SOCIALISTS

Combined with Europe's separations and political splintering, have been the recurrent local tyrannies, and a determined steam-rolling imperialism abroad which has left the most dreadful effects upon both Asia and Africa, contributing heavily to the existing crisis. It was only by the most determined and courageous action on the part of our forebears that we here in America escaped it. Indeed it was only by a unique combination of foresight and resolution on our part, that our neighbors on the American Continent managed to maintain their freedom. This was done through a grim warning written by Jefferson and enunciated by Monroe, declaring that any European state which attempted aggression against any territory on this continent would run up against a wall of American men at arms.

It is worth at least noting that in protecting these states against the depredations of foreign imperialisms, we offered them neither subsidies nor arms; our great early Presidents did not saddle the American taxpayers with responsibility for their happiness and economies. We were content to protect them by a declaration of intention as best we could, and to let them work out their own destinies.

The cynical self-seeking which distinguished every era in European history in the incessant wars these states have made upon each other, has in our generation spilled over into the economic sphere as well. At this very hour when the slogan "Trade—Not Aid" is being pushed with all of the arts of public relations fanfare to the American people, European exploitation of each other's welfare is at its worst point in history. Oranges rot on the ground in desperately impoverished Italy and Spain for want of market, while in Britain austerity rules and an occasional orange is a luxury.

EUROPE SPIRITUALLY SICK

We who have been so long accustomed to the free air of the United States do not readily grasp the cold and almost ferocious cynicism of the European point of view. Nor do we understand that this deadly uncooperativeness is directed not primarily at the United States, but at each other. The United States is just a Johnny-come-lately in the situation, and its principal importance to Europeans lies in its unprecedented willingness to pass out great sums of money on demand, request, or threat. The principal preoccupation of European states is still their colonies, their domestic suspicions and hatreds, and their morbid dislike for each other.

One way in which this spiritual sickness shows itself is the attempt of each European state, down to countries not too much larger than a postage stamp, to make itself totally independent of all others. The word by which this condition is described is autarchy, and the condition is called autarchus. This attempt to be autarchus is exactly the same as if my State of North Dakota determined to disrupt the business of the United States by setting up independent automobile, ceramic, aircraft, chemical, and other industries, and to make good on these uneconomic enterprises by every manner of physical protection, conspiratorial action, and bludgeoning of the commerce of others, it can manage to get away with. Among the methods used is an iniquitous licensing system for imports, subsidies for exports, tariffs, bilateral trade agreements, barter deals, special tax dispensations, and import controls, in short, every dishonest trick by which it is possible for a modern state to hold a knife at the throat of its neighbors. John Hulley, chief of the regional staff of the Mutual Security Agency, told us frankly in the April 1, 1953, issue of the quarterly World Politics that in most of the European countries, government, labor, and business have joined to pay lip service to the ideal of a single market in Western Europe, while simultaneously proceeding either to block trade liberalization or to prevent anything more than the most insignificant progress.

PEGGED MONEY

Among the most vicious of these practices by which one state manages to victimize the commerce of others is the arbitrary fixing of money values. Free money has a value which is set entirely by what one may exchange it for in the open market in terms of commodities. Pegged money, as operated by the European state banking systems, is an arbitrary and fraudulent treatment of money values in which the national monetary unit by decree is given an arbitrary value which all legal business operators are forced to accept. The reverse side of this coin is, of course, the black market in money, which automatically ensues. Actually it is the legal money which is dishonest, and the black-market evaluation which is honest, in this case, for the black-market level accurately expresses the true value of the monetary unit in the free market. In France at one time the Government was compelling everyone to accept the franc at a value of 150 to the dollar, while any concierge in any

hotel could get the casual visitor 450 to the dollar on the black market and still manage to make an illicit profit for himself.

INTERNATIONAL GANGSTERISM

One is tempted to compare this setup with the so-called protection afforded by gangsters in American cities to defenseless shopkeepers, although the only defense the poor shopkeeper requires is against the gangster himself. The pegged-money situation is a perfect expression of international gangsterism.

Take for example the British pound sterling. By official declaration the pound in 1949 had been worth \$4.03 in relation to the free American dollar. Anyone who wishes to deal in terms of British imports, or exports, could take it or leave it. Suddenly in September of that year, and without warning, the British Government declared the English pound to be worth \$2.80 in relation to the free American dollar. The purpose of this maneuver was as usual a cynical one, that of being able to offer British goods in American markets cheaper, and steal a march on both its European and American competitors in American markets. This was done not by recourse to time-honored laws of cause and effect, supply and demand, but by the meat ax of governmental edict.

What was the result? Shoes, crockery, and other British goods which really had to compete with similar American goods for our domestic market, reduced their price by the full 30 percent provided by the edict of devaluation. On such materials as Scotch whisky, where British exports here found no competition, the price was raised at once to absorb the 30-percent devaluation, so that in terms of dollars it remained as before.

At about the same time, and taking their cue from the British, whom they accused, incidentally, of an attempt to ruin the trading economy of Europe, the French reduced the value of their franc from approximately 220 to the dollar to 350 to the dollar.

If an independent American businessman attempted to engage in this kind of piracy against organized society he would immediately be tried and placed behind bars as an ordinary criminal. Yet the European states, and countries on other continents taking their cue from Europe, indulge in these sharp practices with impunity.

TREATY CONTRACTS MANIPULATED

The foreign states with whom we have treaty contracts by which they agree to liberalize their trade arrangements, in practice have done exactly the opposite. In addition to the usual bilateral agreements, import quotas and fees, license systems, export bonuses, and price fixing, to which I have referred, they possessed in juggled money a perfect agency for painless defaulting on any agreement. As if this is not sufficient, they freeze payments of account altogether, or subject everything to quantitative or individual restrictions, altering required permits and licenses by day-by-day decision if it pleases them to do so.

Some idea of how this operates can be perceived from the third annual report on exchange restrictions issued by the International Monetary Fund. In the Argentine "restrictions are exercised through licenses required for all imports, individual import quotas for some goods, licenses for nontrade payments, and through a multiple-currency practice resulting from the use of a basic, a preferential, and a free-trade market * * * a multiple-currency practice results on the buying side from the use of three buying rates, including a free-market rate. Some exports are controlled, taking into account the requirements of the internal market."

Let us think about this. Let us meditate on how complete this control is and how totally it responds to the lightest touch of the manipulator. Let us see, for example,

what is meant by multiple-currency rates. It is precisely this: The Argentine peso is pegged, without relation to any true market value, at three different rates—5 to the United States dollar, $7\frac{1}{2}$ to the dollar, and a third or fluctuating rate, on the free market. In short, depending on what is purchased, and the so-called desirability of the purchase in terms of the Argentine economy, the identical Argentine peso has three widely different values, amounting in effect to a control system of exports and imports which would defy any trade treaty ever made.

The exporter who sends to the Argentine goods the Argentine is seeking to discourage, finds that he is paid in currency which is worth a good deal less in real money than that given another American exporter whose entry into the Argentine the Peron Government is seeking to encourage.

There are preferred imports such as fuel oil, coal, and coke, at which the peso attains a 5-to-a-dollar rate. On other and less preferred imports such as foodstuffs, steel, tobacco, and industrial materials, the rate is $7\frac{1}{2}$ to the dollar. All nonessential and luxury imports such as automobile and watch parts and motorcycles, are affected by the free market rate which is currently at 14.37 to the United States dollar.

BRITISH TRADE RESTRICTIONS

What manner of sense or effectiveness is there in an agreement with countries guilty of such practices as these? Now let us take Great Britain, which is loudest in its denunciation of what its leaders call our trade barriers and restrictive trade practices. I quote again from the Third Annual Report of the International Monetary Fund. In the United Kingdom we find a complicated list of licenses and restrictions which leave any and all decisions on the operation of trade in the hands of British Board of Trade and the Bank of England. Not only must the American exporter contend with the opposition of a rigid cartelized competition quite capable of preventing even the possibility of physical distribution of his product in the British market, but he discovers that licenses are required for almost all imports. Moreover, the same system of licenses which applies to American imports, does not apply to imports from other countries. In short, there are favored countries, depending on whether they are part of the monetary and trade structure known as the sterling bloc, and depending also on the degree to which they are party to this bloc.

Let us take another item, the freezing of payments of account. This is very interesting in view of the great fuss which has been made over the American Army's refusal to accept a British bid for generators on the Chief Joseph Dam project.

An American exporter may in most cases sell in Great Britain. Theoretically, he can be paid. In fact, however, he cannot receive his money in terms of dollars or convertible sterling except by special negotiation involving high-level discussions with representatives of the state itself.

FREEZING OF FOREIGN FUNDS

The greater part of the savings of the Irish Republic are thus frozen in British hands. India has around 1 billion pounds sterling in the London bank to her credit, but she cannot touch it. These funds are gradually released at the option of the British Government and the Bank of England, an arm of that Government. These releases are conditioned always by tie-in-trade demands placed on the respective countries. Ireland, for example, would like to buy American coal but cannot do so without running the risk of offending the Bank of England. The same is true of India and of other countries.

The sterling area agreements derive their efficiency from the very practices and ex-

change controls which were denounced at Bretton Woods and San Francisco. This web which expresses economic nationalism at its worst extends in many directions. There are 3 or 4 gradations of integration of the various associated states, with the sterling bloc mechanism. We find for example the special anomalous situation in which the Russians through their connection with the fringe areas of the sterling bloc are in a better position to buy cheaply and freely in sterling countries than is the United States. Transfers of capital to anywhere outside of the sterling area requires official approval, and even the amounts which may be taken out of the country by persons traveling on legitimate business is rigidly controlled.

The bloc includes the United Kingdom, the territories mandated to Great Britain, British protectorates, Saudi Arabia, Egypt, Iraq, Iran, Ethiopia, and all of the dominions with the exception of Canada and Newfoundland. It also includes a number of European countries which are bound to the bloc by an accumulation of sizable sterling balances which are permanently frozen unless utilized by continued transactions within the sterling area.

EUROPEAN ECONOMIC NATIONALISM

As is the currency of other European countries, the pound is artificially pegged at a considerable overvaluation in terms of real exchange, and the exchange controls are linked with licenses to do business, import goods, or to make payment in dollars. Individual American businessmen seeking to trade in these areas can do so only by specific permission from the Government, and it will interest all of us to realize that this condition applies as much to Jamaica, Bermuda, and the other islands lying off our shores as it does to Britain itself, Iraq, or Africa.

Thus, we find the British crying out of one side of their mouths for "Trade, Not Aid," a slogan incidentally originated by the very talented British Minister of the Exchequer, Mr. Richard A. Butler. At the same time, in their actual dealings the British themselves have created all the conditions of economic warfare and bilateral trade which British statesmen are so loudly decrying.

This economic nationalism has not failed to have its expected counterpart in the internal market of Britain itself as well as in the internal market of the other states associated in the sterling bloc action. These have to do, as I pointed out before, with internal controls, subsidy schemes of all kinds aimed at curtailing the free market, and by the planned production and controlled exchange of commodities. The result is the pattern, hateful in American eyes, called the cartel system. Prices are fixed, competition effectively done away with, and the market neatly divided up. The operation of such a system as this is contrary to American law, and indeed invokes criminal responsibility on the part of its operators. In Britain, France, and other European countries it functions with the active participation of Government.

ONE-SIDED MUTUAL TRADE

John Hulley observes in the April 1953 issue of *World Politics*, to which I have already referred, that industrial organization exists in Europe today in the worst form, i. e., allocation of markets. Within each nation agriculture and heavy industry enjoy protected monopolistic positions within which they can control prices and output."

A little later I shall refer again to these so-called mutual-trade agreements. I shall not attempt to go into further detail at the moment, but will say here that none of these agreements are worth the paper they are written on. For one thing, they cannot do away with the physical fact of these gigantic monolithic enterprises with their unlimited capacity for conspiracy and predatory action.

This entire complex system of control with its dependence upon individual interpretation by Government functionaries quite efficiently nullifies any conceivable reciprocal trade treaty which may be made between the United Kingdom and its associates, and the United States. In its essence it is no different from the piratical monetary and trade schemes originated by Hjalmar Schacht when that warped financial genius was operating for Hitler. These dealings we loudly denounced at the time as being both dishonest and untenable. Are they more honest and more tenable when they are practiced by the British and other friends?

What is honest and mutual about the manner in which trade is placed in a strait-jacket, so that British coal has actually two prices, one for domestic consumption and another for the export market. In short, if the coal is to go to countries which urgently require it for their coking furnaces and industrial establishments, the price automatically goes up.

TIE-IN SALES PRACTICE

Material furnished by the Mutual Security Agency concedes such references as so-called tie-ins or combined sales by which exporting countries agree to supply urgently needed items if trade partners agree to issue import licenses, for a satisfactory volume of non-essential goods. The sale of coal to an importing country may be made conditional upon the latter's issuance of import licenses for luxury textiles, confectionery, and so forth. Schacht did this to Yugoslavia before that country was invaded by Hitler's wehrmacht, forcing the Yugoslavian return for the right to purchase some urgently needed machinery, to take a 50 years' supply of aspirin in addition.

All of these high-handed trades and commercial maneuvers have developed from cause. They are there to protect high-cost, inefficient operations by which each little country follows a pattern of seeking to become as self-sufficient as possible.

The course which the liberalization of trade should follow was stated by Paul Hoffman in a speech before the OEEC on October 31, 1949:

"The creation of a permanent, free-trading area, comprising 270 million consumers in Western Europe, would accelerate the development of large-scale, low-cost production industry. It would make the effective use of all resources easier, the stifling of healthy competition more difficult."

Actually to create this highly desirable condition, Europe would have to let down its existing political as well as trade barriers. It would have to form a United States of Europe, and put an end to its little Marxist cliques and the traditional self-seeking which have kept Europeans at each other's throats during all of these centuries.

Again we should remember that to speak of even the best of these countries as being democratic in our sense of the term, is a mere play on words. The Russians are fond of speaking of the people's democracies in referring to their own satellites, and if we are to include such worthies as Tito, the Greek royal family, and Franco Spain, it makes just about as much sense for us to speak of our so-called democratic allies.

UNDEMOCRATIC DEMOCRACIES

Certainly none of the European or Asiatic states are democratic in the sense that their organizing principles allow for the existence of a true free-enterprise economy. As we have seen in our own international dealings with these countries, the same yardstick used in relation to our own production for export cannot be used in regard to that of the foreign states. The export business of these countries is largely controlled by the state itself, which in one way or another manages it and is in a position to use it as a weapon

of state policy. Against such a condition even the largest of our individual trusts is apt to be helpless.

Despite treaty declarations of any kind, trade barriers are erected which American enterprise cannot hurdle in foreign markets, whereas it is exposed to the prospect of ruinous competition in vital sectors of our own domestic markets. In fact the very organizing principle which gives European competition its formidable quality, that of the cartel web, is as I have stated before, expressly prohibited by our Federal law.

TITO'S YUGOSLAVIA A DEMOCRACY

Although it is our wish to remain as friendly as possible with all of these countries, it is a piece of nonsense to describe them in terms of the democracies, or in other words, as partaking of a style of economic and political organization synonymous with our own. By what stretch of the imagination is Tito's Yugoslavia a democracy? Is it not a Communist state, as vigorously opposed to our own free-enterprise system as is China, Russia, and the other Communist countries? And may it not be suspected that the falling out by which Tito and the masters of the Kremlin find themselves in opposition, may only be temporary? Simply because Stalin and Trotsky fell out did not make Trotsky a Democrat or any more reliable from our own point of view, and it is entirely possible that Stalin's death may facilitate the reentry of Tito into the Russian system of satellites. There would be no loss of face to either in a deal between Malenkov and Tito on this subject. Certainly such an outcome is not more difficult of contemplation than the about-face which produced the Hitler-Stalin deal from whose effects only Hitler's colossal blunder in subsequently attacking this Russian partner, saved Europe.

ALL IMPERIALISM IS EVIL

In any case, if the Communist system is evil and if it degrades and brutalizes humankind, then it is just as evil under Tito as it is under Malenkov and Beria. If imperialism as utilized by the Russians is vicious and hateful, it is just as vicious and hateful in the hands of European colonial usurpers wherever they may operate, for in each case what is depended on is the unlimited use of force, corruption, and intrigue. The one way these victimized peoples can secure their rights and escape from the crushing yoke of a foreign overlord is by the exercise of unlimited force in turn—in short, by bloody revolution such as occurred in the case of the Irish Sinn Féin, the so-called Jewish terrorists in Israel, and today in Africa the Mau Mau terrorists. It is a melancholy commentary on these situations that bloody suppression creates an equally bloody and unrelenting reaction on the part of the suppressed, who are no longer able to regard the world in terms of ordinary decent, moral values. As always, the tree of evil brings forth poisoned fruit.

Among the more moderate European nations, it can hardly be said that the states of the Iberian Peninsula under their twin dictators, Salazar of Portugal and Franco of Spain, are democratic in the sense of the term understood by us. For that matter, it has been stated categorically, and I think it is true, that the much criticized leftwing Progressive Party headed by Henry Wallace in the United States was still considerably to the right of the so-called Conservative or Tory Party of England, a nation proceeding along the road of mixed Marxist-imperial-monarchist principles. As an organized unit in world society, Britain is an anachronism, 94 percent urban, almost without local resources, no longer able to protect its farflung empire from its countless enemies. Even the Argentine which covets the Falkland Islands, or Guatemala, which considers British Honduras as Irridenta territory, pre-

sent serious elements of weakness to British position, as does Hong Kong, Gibraltar, and the very vulnerable schematic structure by which Britain rules such varied areas as Iraq, the Hadramut, Ethiopia, and Thailand.

BRITAIN'S NATIONAL SOCIALISM

At home, Britain's method of state organization contains none of the checks and balances provided by our own Constitution which give our Nation its peculiar character. The supreme authority in England is the House of Commons, against whose decisions there is no recourse. Even though the Members of the House are constitutionally elected, the system is quite alien to ours and provides none of the safeguards peculiar to the American method. Like most of its European counterparts, Britain is in effect a Nationalist-Socialist country. Socialistic at home and imperialistic abroad, except for the question of violent degree and the depth of its racial ideology, its position is not basically different from that of Nazi Germany. The greatest difference in fact is not in organizing principle but expressly in the fact that the British are both moderate and disposed to temporize in seeking their objectives. Moreover they have been forced to play their hand from weakness, utilizing armed power as only incidental to economic and conspiratorial power, whereas the Germans felt themselves able to operate by the use of pure force alone.

The difference in view between domestic theory and the same theory encountered abroad, may be seen in the British quarrel with Iran, one of the countries supposed to be most immediately threatened by Soviet aggression. I hold no brief for the Iranians as against the British, but it seems written on the face of the matter that the Iranians have as much right to nationalize oil as the British have to nationalize coal and other national assets. As for the question of expropriating foreign holdings, the British have never hesitated on this score, though they have been more subtle and more civilized in the means they have utilized. Certainly the arbitrary freezing of funds comes exactly to the same thing, and as many an American businessman can tell you, amounts to expropriation.

On the question of cold war, this is an old conspiratorial maneuver in which the British are as expert as anyone.

THE COLD WAR ON IRAN

In the cold war which Britain has made on Iran, in an effort to bring it to its knees, the Iranians discovered that they could get no one to sell or loan them the tankers necessary to transport their oil. Indeed, they found that British pressures exerted through our compliant State Department had intimidated other European countries, who, in consequence, refused permission for their nationals to enter Iran as experts to be employed for the handling of the giant refineries. Iranians found themselves virtually ostracized, no one daring to buy Iranian oil at any price. Russia, of course, could not buy it, for the pipelines all run the wrong way—that is down to the sea.

When an enterprising Italian firm started to buy this oil and even succeeded finally in bringing some of it to Italy, the pressures put on them from all directions were so great as to literally force them to desist. In Japan an oil tanker, the *Nisho Maru*, arrived at the port of Kawaski, near Tokyo, with a shipment of 18,000 tons of Iranian crude—a shipment which the British Government had been unable to stop. Through the Anglo-Iranian Oil Co., the British Government appealed to the Japanese courts, demanding that the oil in the tanker *Nisho* be considered as stolen British property. This plea was refused by a Tokyo court which allowed the Japanese Importing Co. to distribute the Iranian oil which its tanker had brought in.

Despite all of this, and without benefit of legal action, the Japanese Government suddenly announced that it was reversing the court's decision and that it wished to refrain from supporting trade which could damage good relationships with foreign countries.

One can well imagine the intense nature of the pressures which had been exerted to bring about so amazing a declaration as this, and the quality of the conspiratorial action by which it was sought to ostracize former Premier Mossadegh and to bankrupt his country. To this scheme our State Department obviously has been a party, though it would appear to fit in badly with our own stated preconceptions on the subject of foreign aid—that is, if these handouts and subsidies are not forthcoming, poverty and near-bankruptcy will throw these countries literally into the laps of the Communists. If this outlook is true in Europe, why is it not true in Iran? And if it forms the basis for our actions in one strategically situated country, why is it deliberately ignored in another strategically situated country? Would we tolerate such a punitive action against our neighbor, Brazil, which is also nationalizing its oil resources? Would we consider this an infringement of the Monroe Doctrine, or would we consider the prospective loss of British commercial profits as the important overriding consideration? There seems to me a lack of consistency here.

DISPOSSESSION IMMORAL?

In this connection, an interesting advertisement appeared in the spring 1953 issue of the British publication, *The Farmer*. The heading on this full-page statement reads, "Dispossession Immoral?" The body type continues as follows:

The Farmers and Small Holders Association believes it is immoral to dispossess any man of his own property for any reason whatever without appeal to common law. The association has been formed specifically for the purpose of protecting the rights of the individual farmer or small holder who may as the law now stands be dispossessed of his home and means of livelihood by order of the Ministry of Agriculture with no judicial appeal. Details of many cases of ejection for reasons other than "inefficient farming" are in our files.

This association of farmers asked for members, for the purpose of helping "all those who are being dispossessed of their freeholds and tenancies by the Ministry of Agriculture," and "to restore in all such cases a right of appeal to our traditional courts of law." It is signed by the Farmers and Small Holders Association of 14 Manchester Square, London.

Such an ad in an American paper protesting the fact that the American Department of Agriculture was dispossessing owners and tenants from their land without recourse in law, because of alleged inefficient farming, or any other reason, would be incomprehensible. In the fact that such an ad as this could appear as a matter of course in a standard British publication, is written the very large difference between the American and British systems and outlook on life. Indeed, the American system is unique in the world, with the exception of that of its neighbor Canada, though many of our neighbors to the Spanish south are endeavoring to emulate it. To compare our system and our situation with others, and to group all into the same category as being coequal, equating Luxembourg with the United States, Portugal, and Yugoslavia with Italy and France, is an absurdity of the first order. To formulate a policy on such a total misconception is to incorporate into our state dealings the logic of bedlam. It is to restate in new terms the false syllogism: An eagle is a bird; a sparrow is a bird; they are both birds; therefore a sparrow is an eagle.

NO ONE SHOOTS SANTA CLAUS

If we incorporate into our estimate the calculated doubledealing, duplicity and fundamental self-seeking of these countries, the conclusion is appalling. It is simply this—if we have any friends among these states, it is not because of a determined identification of their interests and policies with ours, but only because no one ever shoots Santa Claus.

Since the first duty of the United States and of those who lead it, is the physical security of the country and its citizens, it is well for us to look at the record, for here is a springboard by which we may judge our future international course.

The change in outlook on the part of those charged with the formulation of American public policy proceeded in progressive steps. It was not the sudden outgrowth of what the Germans call a new Weltanschauung, or new world view, as apposed to an alleged old isolationist view. On the contrary, there has occurred no broadening in the national outlook, but rather the development of an essentially neurotic concentration on what has been called the "manifest destiny" of this country. The thinking has been described by the devastating term, "do-good-ism," and the prophets themselves as "do-gooders." These are facile but feeble words which hardly describe the real situation, which is much more complex than this. At a later point in this discussion I shall endeavor to analyze this phenomenon in an effort to account for it. At the moment let us simply examine the record itself.

OUR GIVEAWAY PROGRAM

The giveaway program properly starts with the battleships which were given away by the Executive of the United States, without the approval of Congress or the people, to the British Empire. The Empire of course was in crisis and was fighting a terrible enemy whom most Americans looked on as cruel and vicious in the extreme. On this emotional basis the action might be understood, but it was followed by a series of others in kind in which the relationship of the United States and Great Britain became one in which the tail began to wag the dog. We put up the money, the men, the know-how and the wherewithal, and the British provided the direction. This remarkable situation is examined in more detail below. There followed lend-lease, to which I make no further reference here. After that came the all-but-forgotten UNRRA program.

UNRRA was the beginning of a national giveaway program by which in scarcely more than half a decade we have handed to foreign nations in gifts, loans, and subsidies a total of more than \$70 billion.

What I am seeking to point out is the essentially fraudulent representations made on behalf of each of these increasingly astronomical demands placed on the American Treasury. You will not that I refer to these representations as offered at the time by the United States Government to the Congress, as essentially fraudulent.

The record says that it is so. It is a record I wish to underscore in sequence, directly from the mouths of the responsible Government representatives.

Outside of spending a very large sum the real net result involved the financing of the then-loyal Communist Tito, and the jet-tisoning of our loyal wartime comrade, Mikhallovitch in Yugoslavia.

FIRST THERE WAS UNRRA

The one thing which should be mentioned in respect to UNRRA is that it was definitely understood by the Congress, and by the American people, that UNRRA represented the last of the major demands which would be made on the United States.

However, there followed soon after, the Bretton Woods banking agreements, which were sold to the American people amidst

great fanfare, publicity, and tub thumping. The American people and the Congress were informed that by financing a world bank, the economic ills of our European friends would be cured for all time. Their currencies would be made convertible, all barriers to trade would disappear, and in particular there would result a great expansion of our exports, both agricultural and industrial.

Dean Acheson, then Assistant Secretary of State, informed the Congress that the Bretton Woods proposals presented the country with a chance to avoid the disaster of economic warfare and of shrinking international trade—by acting in common with the other nations in the world to put aside the implements of economic warfare and make possible an expansion of production and consumption in trade.

Franklin Delano Roosevelt referred to the Bretton Woods agreement as constituting—"our hope for a secure and fruitful world, a world in which plain people in all countries can work at tasks which they do well, exchange in peace the products of their labor, and work out their several destinies in security and peace."

By these messages, and by all of the force of propaganda wielded by big governments, we were allowed to believe that this financing would constitute the last large-scale demand for help to be made upon the American people.

When this expedient collapsed, its inadequacies were glossed over in turn. Then we were told it was necessary to make loans direct to certain favored states. Specifically in relation to the British loan, we were informed by the administration that these moneys would rescue the British from their economic dilemma, that they would be used to reconstruct Britain's antiquated productive plant so that she once more could become competitive on world markets, and in particular would cause the pound sterling to become convertible. The American people once again were promised a greatly expanded export trade.

Secretary of the Treasury Vinson told the Senate Banking and Currency Committee on March 6, 1946, that "the credit to England is in no way a precedent for other loans. Its particular purpose from the American point of view is to free a major segment of the world's trade from the currency and trade restrictions by which it is now shackled."

Then Secretary of Commerce Henry Wallace told the Senate Banking and Currency Committee on March 12, 1946, that the British loan "will aid the revival of world trade and prosperity which is necessary to heal the economic wounds of war and insure the preservation of peace."

In similar vein Senator Barkley stated (April 17, 1946) that "we are making this loan to Great Britain because it will enable nations to trade all over the world, instead of in restricted areas; because it will give an outlet to our products of farm and factory, and employment to American working people."

THEN THE MARSHALL PLAN

We all know what occurred—exactly the opposite of what was claimed.

Then came the much-vaunted Marshall plan, which it has been reliably reported should rather be called the Bevin plan, since it originated with that redoubtable and tough British Socialist Foreign Minister. Again we were told on behalf of this new spending orgy that the trouble with the world was that Europe's industrial capacity had been destroyed by war, and that it was necessary to rebuild it in order to place the European peoples on a decent standard of living and keep the Continent from embracing communism.

Once more the expected failed to occur. Instead of settling the economic affairs of

the world and allowing for a climate in which mutual trade would flow freely, the opposite happened. Trade was further constricted, and the principal nations of Europe set up the same claim as before, that they were facing an even greater economic dislocation than the one which applied before the Marshall loan went into effect. Now it was discovered that the dislocation, instead of coming from too little industry, was coming from too much industry. Even little Greece was at 168 percent of the prewar 1938 level, and the average for all of Europe at the end of 1952 was 140 percent of the 1938 prewar industrial production level, and steadily going up.

THE MARSHALL PLAN BACKFIRES

Europe was now in the position of the United States in 1929 when it was over-producing in terms of the markets available to it. Forthrightly, Europeans began to point out that they were going broke for want of markets, and that they had no intention of doing so gracefully. Instead of the Marshall plan action to enlarge American export markets as had been promised by American officials when the plan was put into effect, American exports began to collapse under European competition. In America's own backyard of Latin America and the Caribbean, European producers with their low-cost labor rate, special tax exemptions and State subsidies, have begun to undersell American exporters by as much as 50 percent.

Contrary to all predictions, though the dollar gap of these countries has steadily shrunk, our nondefense exports are as steadily nosediving, and in 1953 are expected to be more than 25 percent below the 1952 level.

What is even more painful, European makers of capital goods are in some incomprehensible manner able to displace us in Latin American markets by offering much more liberal payment terms than American exporters can afford.

It, of course, is true that once American production is forced off the market, an action will be taken by state-controlled foreign operators to raise the price sky high, as happened with Malayan rubber and tin, which more than quadrupled in price directly after the onset of the Korean war.

DROP IN AMERICAN EXPORTS

There are ominous signs for the future, including a drop of American cotton exports. How, it may be asked, can the individual American producer of cotton compete with the state-controlled Egyptian cotton which, in turn, despite the tensions over Suez, is controlled by the Bank of England.

Let us consider as another example the current sales value of American Liberty ships. Owners of American Liberties who have been attempting to sell them during the past months, have been offering these ships at \$475,000, with no takers. Foreign sellers of Liberty ships, however, are able to realize as much as \$800,000, in terms of the pound sterling. An article by Jacques Nevard in the New York Journal of Commerce, states that "this spread represents the difference in potential earnings of these vessels under the two types of operations." One with its high wage and maintenance bills, and the other with low wage and cost of upkeep. Thus, the high initial cost is more than offset by lower running expenses.

It is possible that in furnishing the money and instigation to expand the industries of European countries, we have increased the likelihood that they will refuse to link themselves with our international trade policies, and have actually increased the possibility that they will act as suppliers of manufactured materials to the Soviet Union and its satellites. European governments have already openly begun to argue

that their basic requirements involve an abandonment of collaboration with American policy, to allow these countries to deal with the Soviet Union and its satellites in terms of machinery and strategic materials and whatever else is desired, in a full expansion of so-called east-west trade.

It may be taken as axiomatic that the Soviets have not the slightest intention of offering any dealings to the west except in terms of their all-over strategic requirements. They wish to return to the days when the British, the French, and others gave them exactly what they wanted in the way of machinery, materials, and strategic goods of all kinds.

THE HUNGRY RED MARKETS

The Soviet bloc provides an attractive and hungry market for Europe's mounting surplus of manufactures, which otherwise must be considered in terms of the historic European market as ruinous overproduction.

Europeans now are also demanding the right to flood American domestic markets with cheaply produced European goods. The much-promised convertibility of sterling and other currencies, and the elimination of the other carefully calculated barriers to American trade, are as far away as ever; but the invasion of America's domestic market by foreign competitors is a hard and painful act, a matter I shall also return to later.

AMERICAN POLICY CONDEMNED

It seems to me that these foreigners have been the recipients of American largesse for so long that they take it as their natural right. They are incensed and indignant if anyone suggests that a quid pro quo may be in order, that our people are entitled to their own competition for value received. We find the London Times under date of April 22, 1953, referring sonorously to the St. Joseph Dam incident of a year ago "as a shock to this country and to others" and remarking that "there is deep disappointment at the United States failure to live up to the good creditor policy which she must follow if the dollar and nondollar world are to live in freedom and harmony together." "American policy," declares the Times, "is now being put to the test in the eyes of the world."

As a simple North Dakota lawyer, the very boldness of this kind of hokum literally floors me. Need we be reminded that it is the British themselves who prevent the pound sterling from being freely convertible on the markets of the world so as to establish reasonable parity with the American dollar. It is the British who exclude American business from British markets except under the most severe restrictions, and who freeze our money so that it cannot be taken out of their country even if earned. Yet here they are in the remarkable position of accusing the United States of responsibility for sterling nonconvertibility and for an alleged economic nationalism.

When I see this sort of thing I wonder sometimes if everyone has not gone stark crazy, and if our publicists and public officials have not taken off to never-never land. The Canadian Government, which has a most limited capacity for the construction of heavy equipment, nevertheless has often refused the low bids of foreign concerns. United States News and World Report, in its issue of June 5, states that—

"a large Italian construction firm recently found its low bid for navigation locks rejected by Ottawa. And a low bid to put British engines on Canadian Government ferries was also turned down in favor of a Canadian company."

In its relations with the mother country, Canada gives nothing away. It does not even figure in the fiscal policies of the mother country as a member of the sterling bloc. If it sends anything to England, England is

expected to pay in hard cash; and it maintains no such program even in relation to the mother country and the other segments of the empire as that covered in our giveaway or mutual-aid setup. Yet on the recent St. Joseph Dam incident, Canadians joined the howling pack.

Is not this a modern illustration of the scene in *Oliver Twist* where the two young thieves who had stolen the watch from the innocent bystander chased after Oliver, in the forefront of the crowd, yelling at the top of their voices, "Stop thief."

BRITISH CONFUSION

Is it not also amazing to see Mr. John Foster Dulles and Mr. Harold Stassen indignantly arguing as counsel on behalf of the British manufacturer, and joining wholeheartedly in the cry which branded Secretary Wilson as a reprehensible economic nationalist, set on defeating the purposes of the free world?

Surveyed in this context, who can blame the British for being confused. Suddenly and unaccountably the cow refuses to be milked! So we find Mr. Paul Gore-Booth, director-general of British Information Services in the United States, complaining that "we (the British) have been exhorted a great deal to be more enterprising, to use more aggressive salesmanship, and to penetrate the United States market with goods"

and suggesting morosely that having gotten the British to do these things, we have run out on them. Now outside of the very important question of why the British need a director-general of British Information Services in this country, an intelligence and public relations operation suggesting a massive intervention within our internal affairs, why should our public officials be in the publicly acknowledged position of urging foreign producers to "penetrate the American market"? This it seems to me involves a plain breach of duty, and a trespass upon the rights of the American worker, farmer, and businessman who have put these people in office and who are now paying their salaries.

No one bothers to make mention of the fact that of 16 recent heavy power equipment projects on which there were both United States and foreign bids in 1952, foreign firms were awarded 6, representing a full 42 percent of the total amount of money involved.

Two other projects are now pending which represent a full 10 percent of American annual manufacturing capacity for water-wheel generators. According to Mr. Gwilym A. Price, president of Westinghouse Electric Corp., "the loss of these orders can mean more than a month's shutdown of all United States facilities in this field."

The inference is allowed to exist that even though our material interests may be affected, we are bound somehow by the so-called Reciprocal Trade Act, on the basis of which foreign nations have made certain offsetting commitments, and that the good faith involved may not in honor be disturbed.

This is of course rubbish. There is no such thing as a Reciprocal Trade Act. This is simply a name which has been fastened onto the 1934 Trade Agreements Act by Government agents for their own purposes. The words, "reciprocal trade" do not even occur in that document. Certainly the terms "mutual aid" and "reciprocal trade" are ordinary tricks of verbiage, for the trade is not reciprocal nor is the aid mutual. It is only a weird and unexplainable policy of wastrelism and following after foreign goods, which has been pursued in one guise or another by the American State Department, whether under Mr. Acheson or Mr. Dulles.

INTERPRETATION OF ACT

When under all of the conditions which I have noted above, we hear that the President of the United States has succeeded in exacting from the Congress a 1-year extension

of the act, which authorizes him to cut tariffs in reciprocal trade agreements, it is useful to determine what sources this stream of demanded authority springs from. Quoting directly from the United States Tariff Commission's booklet on the operation of the trade agreements program, the President of the United States on March 2, 1934, asked for the authority to make such trade agreements as "part of an emergency program necessitated by the economic crisis through which we are passing," and "as an essential step in the program of national economic recovery which the Congress has elaborated." He stated that the exercise of this authority "must be carefully weighed in the light of the latest information, so as to give assurance that no sound and important American interest will be injuriously disturbed" for "the adjustment of our foreign trade relations must rest on the premise of undertaking to benefit and not to injure such interests."

No one can misunderstand this language. It is crystal clear that the intention is not to give priority to the commerce of other countries, not to rescue someone from communism, but only to aid American production and trade. This I regard as a proper function of government in the United States. It was the authority with which the Congress of the United States invested the President.

This original act was to expire on June 12, 1937, but Congress extended it for 2 successive 3-year periods, first in 1937, again in 1940. Later, in 1943 and 1945, the act was twice again extended with several amendments.

EXTENSION OF ACT

These amendments handed authority to the President which should have been retained by the Congress itself, for the President does not make the law in this country; he merely administers and executes it. The most important of these amendments, that of 1945, authorizes the President to reduce the tariff by as much as 50 percent from the rates effective January 1 of that year. This would bring about a reduction of as much as 75 percent from the rates in effect under the Tariff Act of 1930, or under subsequent legislation.

In 1948 the act was once more extended. Now the demand is made for renewed extension which, in effect, would limit the primary authority of the Congress and give the State Department the right to become the Government of the United States, vastly exceeding any function the Founding Fathers of our Republic visualized for that bureaucratic body.

It is true that the Trade Agreements Act of 1934 prescribes that before concluding any trade agreements the President "shall seek information and advice with respect thereto from the United States Tariff Commission, the Departments of State, Agriculture, and Commerce, and from such other sources as he may deem appropriate." There is also a Committee on Trade Agreements which is supposed to act in this regard, supplying the President with required "information and advice."

In practice almost total authority is delegated to the President, and since the chief executives of the designated departments are all appointed by him, it may be freely believed that this conditioning clause is of little value and bearing. What has bearing is the advice of the present Secretary of State, who apparently is responsible for the theories and policies under which this administration is continuing in all its major outlines the exact policies previously formulated by his predecessor.

MARSHALL PLAN MISCONCEPTION

Even in regard to the question of the growth of Communist and Fascist doctrine in the various countries, the arguments

offered on behalf of the Marshall plan proved sadly in error. In France where both businessmen and peasants will promptly vote out of power any government which seeks to collect taxes sufficient to carry out the business of the state, where income taxes are simply ignored by the rich, where subsidies are demanded and received by winegrowers and other organized groups, and where everyone joins together to resist any cut in welfare spending, the attitude is that Uncle Sam should be allowed to carry the burden of the country's economy.

The French have taken almost a negative attitude toward government, with an average administration remaining in power no more than 5 months. A rich agricultural country, the French import more foodstuffs by twice than they export. It is probably true that the French budget receives a larger money contribution from United States sources, direct and indirect, than it does from its own domestic revenue systems. Yet despite the Marshall plan, offshore procurement, vast United States Army and other expenditures, every fourth Frenchman goes to the polls and votes Communist.

This must mean an infiltration of Communists everywhere in the nation's economy, social, industrial, and military. There is also a large Fascist group, who are nothing by left-handed Communists, and large groups of Marxian near-Communists, people who wish to attain the same goals but to do it without the use of bombs and unlimited violence.

MARSHALL PLAN AND COMMUNISM

The many billions poured into France at the expense of the American taxpayer have not bettered this situation. The Communist Party is still France's largest political party, and the business of the country is still snafued and despoiled by the same doctrinaire groups, operated by the same venal, cynical men, whose private ambitions provide almost the sole principle by which their actions are measured.

In Italy there is a similar refutation of Marshall plan theories.

The country has made a remarkable industrial recovery, some 43 percent above prewar levels, but despite this and American billions there has been a steady growth of both left and right parties and a heavy loss of strength by those political parties committed to social doctrines similar to our own.

Wherever the growth of communism has been stemmed in Italy it may reliably be stated that this result had little to do with our system of handouts, and more to do with the operation of extraneous forces. In Italy, where the existence of some 60 parties splits the electorate into many small political fragments, the Communist Party controls over 37 percent of the vote and comes within an eyelash of being the largest party in the country.

Ironically enough for the Marshall plan myth, in the heavily industrialized Italian north, where there exists a comparatively high standard of living, we find the Communist strongholds. In these provinces, where the average Italian per capita income is the highest, in the provincial elections of 1951-52 the Reds received 52 percent of the total vote. In Sicily, and the toe of Italy, where unemployment is endemic, where misery, hunger, and poverty are very real and very pressing, and where the per capita income is only half of what it is in the prosperous industrial north, the Communist strength, as indicated by the last provincial elections, averaged around 37 percent.

EUROPE AND COMMUNISM

Moreover, in Italy the country which was to have been the most prominently affected by the great American Marshall plan subsidy, there has been an equally disconcerting growth of equally anti-American right-wing parties, with democratic coalition groups steadily collapsing into a vacuum. On the

elections of the last year both Communists and the Neo-Fascists made large gains. The 4 parties of the democratic coalition dropped from a total of 63 percent to 49.8 percent of the vote. The Communist bloc increased from 31 to 37.2 percent of the vote, and the equally violently anti-American Monarcho-Fascists from 3 to 12 percent.

This may be a great success, as the advocates of the Marshall plan and of the spend-and-spend philosophy insist—but if it is then it may be said that another such success will ruin us altogether.

It seems perfectly obvious by the very nature of the demands now made upon us, that the massive increase in Europe's industrial capacity, for which we ourselves have been responsible, has in no way solved the problem. The Europeans assert themselves unable to rearm unless Uncle Sam pays the cost. If the cost of our Armed Forces stationed in Europe is added to the figure of direct aid, the United States is putting up more money for the defense of Europe than is Europe itself.

Europeans continue to threaten us with the menace of communism unless we vacate our historic policy and turn over our domestic market to them. They demand that we placate the Chinese Reds and settle with this fourth-rate extension of Soviet power as if the government of Mao Tse-tung indeed had been the victor, and as if the blood of our 135,000 casualties and the untold billions we have spent in the prosecution of this war had no meaning at all.

EUROPEAN MILITARY SERVICE

With one single exception none of the European countries even maintains a period of military service comparable to the 24 months which each able-bodied American boy is compelled to spend in the American Army. Though we send our draftees to Korea without hesitation, the French, far from standing at our side there, will not even send their own drafted men to Indochina where France's stake in maintaining its imperial hold is large.

These are nations which are immediately menaced, if any Soviet threat exists at all, yet no one seems to grow very excited over it. Norway, which is directly on the firing line, requires only 12 months of service in its citizens' army. The others, for the most part, demand 18 months, and even little Belgium, which now has a 20-month period, appears to be on the verge of reducing it.

If the truth be known, we have not even earned the good will of the European states, for it is the considered opinion of competent observers that somehow they seem to have managed to build up an active dislike for us. It is we, and not the Russians, who are looked on as being trigger happy. We are considered pompous, reactionary, crude, and selfishly rich.

COMMUNISM AND LIVING STANDARDS

I submit that this doctrine of groveling before the threat of communism everywhere is a false doctrine. If there is an absolute relation between communism and the standards of industrial production of other countries, making it necessary to intervene on behalf of the living standards of their peoples—in short, to be blackmailed into subsidizing them under threat of the alternative of communism—then, indeed, we are in serious trouble in our own hemisphere. The standard of living of the Mexican peon certainly is far below that of any of the north European countries, and perhaps of any European country.

It may be said that the standard of living in such South American countries as Bolivia (important to us for tin) or Colombia and Haiti (important because of their strategic location in geographical space) is even lower. The poverty which grips these people is both tragic and undeniable. Yet none of this seems to have frightened those who demand that we share the wealth with Europe. They

are not afraid that the logic of their arguments offers the possibility of communism in our own hemisphere and on our own continent.

POINT 4

Let us now consider that other expression of national profligacy which is known as point 4, and which runs parallel with the Marshall plan project. The point 4 program is fulsomely described in a publication issued by the Government Printing Office under date of 1949 as deriving from actual American need. This, the guiding geniuses of our policy declared, demands an expansion in the productivity and purchasing power of the depressed countries. The expected and prophesied result was the expansion of our own foreign trade, both in respect to industrial and agricultural products.

To create a firm economic base for the development of these submerged peoples into good Democrats and Republicans, it is deemed necessary to wet-nurse them and their economies and to develop on their behalf an industrial structure. Our official statement warns: "Without such an economic base they (the submerged peoples) will be unable to meet the expectations which the modern world has aroused in their people." America, of course, is asked to put up the money to make this doctrine good.

Here again the assumptions proved totally incorrect. All that came out of it for Uncle Sam was a headache.

POINT 4 MISCONCEPTIONS

Let us see where these claims floundered and why they were opposed to any possible favorable outcome. In the first place, practically all of the countries involved in point 4 are colonial possessions whose business is conducted at the point of guns held in the hands of European exploiters. The consistent purpose of these European masters has been to deindustrialize these lands rather than to industrialize them; to use them, in short, as sources of raw materials and as exclusively held markets for printed cottons and the usual low-grade exports which may be sold to underprivileged people. Special care at all times is taken to insure the native keeping his place and to prevent his developing ambitious ideas by which he would aspire to become master of his own affairs.

It should be noted that even if the money could be expended to make these countries economically independent of their exploiters and politically free in fact, this action would not redound to the benefit of the United States. It would steal still further markets from overindustrialized Europe and Japan, galvanizing their gaze even more hypnotically in the direction of the hungry Soviet East. These new industrial developments, it may be assumed, would add to the already existing overproduction in cotton, wheat, tobacco, and other commodities. It would result in the erection of such light industries as weaving and small manufacture. The British would do their best to exclude these from the sterling bloc, and other overurbanized states would similarly seek to protect their own sovereign interests. The single big market which remained to be appeased would be that of Soviet Eurasia, to which, of course, these countries would turn.

Is it not a hopeless concentration on will-of-the-wisps to see our welfare enmeshed in the ability of others to secure an equally high standard of living or an equally secure welfare? During the entire existence of our Nation there have been depressed countries in the world. Our little island of prosperity has acted like a lodestone, as I have remarked to people from everywhere, attracted to it and to the principles which have brought it about. To make all of these peoples over into our image we would have to change not only their standards of living, but their standards of political and social organization, their relations with others,

as, for example, the relation of colony and colonial oppressor. We would have to jump the great gap in education, moral grasp, and understanding, and would somehow have to confer upon them a public mind and tradition similar to our own.

I maintain that this is more than we can handle, and certainly it is more than anyone should rightfully demand of us. Nor do I think for a moment that Providence has committed into our unwary hand any such painful burden as this.

We do not need to look far—Iran, which British influence caused us to abandon in midstream; India, with its 450 million people, which though a member of the United Nations, claimed to be neutral in the Korean struggle.

POINT 4 AND COLONIALISM

Let us take another example, Malaya, where we have implemented a sort of point 4 by synthesis. We deliberately directed our policy to the purchase of strategic materials from that country on the score that Malaya is Britain's biggest dollar earner.

Just what is mean by that? Is little impoverished Malaya, whose natives run around in loin cloths and sandals, so flourishing as to be indispensable to the welfare of the British Empire? I submit that if the proceeds of the sale of Malayan resources are of such critical importance to the British economy, the British are not even acting the part of honest brokers and must be abstracting almost the whole take and putting almost nothing back. Also, then, if this economy is so flourishing as to be the most important earner of dollars for Great Britain and, indeed, for the entire sterling bloc mechanism, why is it that the country is in the ferment of revolt so that virtually the entire exportable British Army has been pinned down for years by Malayan guerrillas? Certainly it cannot be because a large enough price was not secured for Malayan commodities. In fact, we as the major purchaser, were thoroughly gouged based on an appreciation of our self-apparent need. Rubber which the day before the Korean war had sold at 28¼ cents, skyrocketed in 6 months to 86 cents. This nice profit also may be noted in that other important Malayan export, tin, where the price leaped in a matter of months from 76¾ cents to \$1.84.

Can it be alleged that American exports to Malaya have benefited through this? Or even that there is any active good will for America and her purposes there?

POINT 4 HAS ALSO FAILED

There is nothing which could be accomplished by any point 4 activity anywhere which does not already exist in the unstinted flow of American dollars for the purchase of Malayan commodities. If it is alleged that these dollars were drained off by a foreign interloper, would not this same fact be true in the case of any of the point 4 countries? Are not all of them dominated by the self-interest of colonial states, or by the selfish particularisms of purchased or puppet rulers? Is not their business administered in fact by the cold-blooded bureaucracies of European states? Must not even such allegedly independent countries as Iraq, Ethiopia, and Thailand be considered as within the web of colonial domination? These are in point of fact no more free of Great Britain than Poland and Hungary are of Russia. It is said that not even a garbage collection concession can be secured in Bagdad without the consent of the British resident, who is the real ruler of the country. The country itself is occupied by British airplanes and British troops, and if there is a tribal rebellion, it is they, and not the Iraqi Army, who put it down. In ostensibly free Jordan there is not only a British resident who is the true ruler rather than the youthful King, but the so-called Jordan Army is equipped with British uniforms,

served with British munitions, and led by a British general known as Glubb Pasha.

Are we not justified in assuming then, that the bulk of the money which is poured into submerged or point 4 countries will actually find its way in one manner or another into the pockets of their colonial masters?

As for the allegation that the industrialization of these territories somehow manages to democratize them and increase the respect in which western Europeans are held, this is altogether an expression of the publicist's and propagandist's art. I need only point out the tragic case of Africa, into whose physical regeneration the British are diverting billions of dollars. We all know of the bloody Mau Mau killings there, which represent in effect a determined rebellion against the domination of the whites. A similarly explosive situation exists in potential all over Africa today. As in Malaya and other parts of southeast Asia, the Communists are having a field day. Communist infiltration goes along rapidly and successfully under the guise of local patriotism and of local rebellion against the foreign overlord.

MISCONCEPTIONS ON EXPORT TRADE

It may very well be remarked that the entire contention that somehow an affectionate regard for us is fostered by handouts, or that an extension of our own foreign trade is involved in the industrial growth of other countries because they are thereby enabled to buy more, is essentially untrue. Reference need be made only to the case of our great neighbor to the south, Brazil, which has undergone an enormous expansion of both its agricultural and industrial potential. This has involved the erection of major cities such as São Paulo in the south, referred to as the Chicago of Brazil, the opening up of whole territories to the plow, and the building of mills, plants, and factories of all kinds.

This great industrial expansion has brought into being problems of its own, just as it has brought such problems to the more highly industrialized states of Europe. As a net result, the tightest of import rules have been imposed upon the Brazilian economy. The Wall Street Journal quotes a big Rio de Janeiro steel importer as saying that to get a steel import license these days is about like hitting a winning number on a lottery. Import curbs of every kind are sending imports from America down the toboggan. In 1952 these ran a monthly average of \$47 million. They are now less than half this amount. The American International Harvester Co. estimates a drop in sales from 1952 of 67 percent for the current year. Other American companies estimate similar drops, differing from each other only in amount and proportion.

What does this mean? Only that the assumption of some direct relation between industrial expansion and American export sales, is theoretical nonsense. For here in Brazil is a perfect case in point—a country expanding industrially at probably the world's fastest rate, with the net result of an enforced decline of American exports there.

It seems to me self-evident on the record, that ever since we decided to abandon our historic policy of no entanglements with Europe, we have been involved in a continuous sequence of crises which are the heart of our present difficulties—both domestic and international.

THE SAVE-THE-WORLD MYTH

This preoccupation with the save-the-world myth has resulted in a foreign policy with almost a minimal record of success. There has been no failure on this colossal scale in the history of American diplomacy. It has not even served to gain for us the friendship of those who have been most favored by it, a result which it seems to me

also is inescapable, for one cannot buy friendship with handouts or by some unfathomable principle which allows us to give and give without seeking any measure of responsibility or any quid pro quo in return.

The result, as always in history, again speaks for itself. The conclusion is unmistakable. In Korea where we have had scant military help, and where our associates in the United Nations have turned out to be major suppliers to our Chinese enemies, can it be doubted that even the mild restrictions we have been successful in imposing on these practices are resented by our European friends, who are restive and annoyed over what they are pleased to consider an intrusion on their so-called right to trade where they please?

There is even talk of retaliation on the part of Europeans against what they neurotically imagine to be an injury to them by us, since we will not open our markets for a one-sided invasion by their products. It is stated, for example, in a Whaley Eaton Newsletter of May 5, that Britain "will submit alternative proposals on sterling trade at June's Commonwealth Conference at Strasbourg. The plan would like Europe and sterling by 'secondary preferences' against dollar goods. The present exclusions working against the American manufacturer would become even tighter, as presenting 'the only policy open if America refuses to play her part in closing the dollar gap'."

EUROPEAN STAKES IN OUR ECONOMY

Thus this dreary theme of doubledealing of one-way action, if not of downright dishonesty, continues, with the United States not only the victim but the object of indignation wherein we are saddled with European failures of all kinds, and threatened with a return to the old days of "discriminatory bilateral deals."

These are, of course, meaningless words and empty threats, which cannot be implemented any more than they already have been. All of these states are the recipients of tremendous benefits from us—monetary, trade, military, and otherwise—and have no intention of letting this beneficent situation be altered if they can prevent it. In fact, most of this caterwauling—for caterwauling it is—may be assumed to be nothing but a bold effort to condition American public opinion favorably to European causes. There is reason to believe that the British in particular spend considerable sums of money in this direction—a condition I shall refer to again.

The extent of the European stake in our economy has become truly astronomical; how fantastically large may be conveyed by reference to the total budget of the United States during the time when Calvin Coolidge was President, which came to only about \$3½ billion.

SEVENTY BILLIONS IN FOREIGN AID

Today the total of foreign aid directly given, and in indirect subsidy paid for by the American taxpayer, must be close to \$70 billion, if everything is considered. Billions are being spent on United States troops, bases, and facilities in Europe. In a very proper sense the troops, bases, and other facilities we maintain in Europe may be regarded as a sort of second tourist income source, shoring up shaky European fiscal systems. It is estimated that maintaining our troops and bases overseas, exclusive of Korea, comes to at least \$12½ billion a year.

At least \$3 billion has been spent on so-called offshore procurement, which may be looked upon as another design to defeat the will of the Congress, for it has been clearly intended that the manufacture of military equipment and material for American security purposes be in the hands of American industry.

If more subtly contrived measures are considered, such as stockpiling and other ar-

rangements geared to support European monetary systems, the total moves into unknown figures. If lend-lease and other similar outlays are added in, the total in aid to foreign countries must be well over \$115 billion, and climbing rapidly.

At a moment when even Great Britain and Canada are cutting and reducing nonwelfare expenses of every kind, Messrs. Eisenhower and Dulles are continuing the exact policy followed by Truman and Acheson. The difference between them is not even one of applied semantics.

American aid in 1954 is to be approximately \$5½ billion. Offshore procurement is to be at the annual rate of another billion. Various indirect aids through gifts, subsidies, reinterpretation of customs and tariffs, etc., will bring the total to well over \$8 billion. In addition are the tremendous sums spent on American troops and bases abroad which have the effect of an additional and unrestricted subsidy.

CEILING ON AMERICAN DEBT

This brings us to the question of the legal limitation which exists in respect to the American debt. Under present law, there is a ceiling of \$275 billion, which is the total of the debt which the Treasury Department may incur. At present rates of expenditure this ceiling will be reached at the end of 1954. The already-existing debt in itself is a millstone around the necks of the American people. It cannot be wished or waved away, and will have to be paid for by untold generations of Americans who will be born enslaved to it.

Like every other measure intended to safeguard our welfare, this barrier to ruinous expenditure also will probably be set aside, but it is well to make the American people aware, and to warn them that in the end they will pay for it. Despite all the fancy talk and the high-flown words, when cold reality finally calls the hand, it will be their standard of living which will be reduced in order to bring our national books into balance again. The day of reckoning may be pushed off but it may not be avoided.

Even in a country rich in basic resources, one is apt to forget that existing wealth and prosperity represent in large part the cumulative savings of men who created it by their unaided sweat, skill, and determination. By forgetting that the great national resource is always people and their will to exist in freedom and honor, one may see wealth as being independent of the energies which created it. Then it is always possible to parade specious conclusions, distorting the essential figures or reinterpreting them, so that they become miraculously responsive to the purposes of the men in power.

The normal laws of cause and effect, however, may not be manipulated. They may only be obscured, for the power to repeal them is not given to men.

In view of the sobering facts of today, is it out of order to point out that our national resources though large are not limitless? If they are to be squandered it is only a matter of time before we scrape the bottom of the barrel. The question of their depletion hence is not one of academic concern but one of immediacy, and one possessing very real and sobering possibilities.

THE HARD FACTS OF LIFE

Coming from a State where life may not be as complicated as it is elsewhere, and where men still reason simply, it is not necessary to point out what happens when a farmer literally mines his soil, taking everything out and putting nothing back. Our President who comes from the great corn-raising State of Kansas, undoubtedly must be aware of many tragic cases where fine cornland, blessed by the Lord with almost magic fertility, has been leached and mined by improvident and heedless owners until it has sunk to a submarginal status or has even

been abandoned as worthless to the plow altogether.

These hard facts of life, and one has to be born with a silver spoon in his mouth to think differently. Those of us who have had to work hard in the American way know the need for husbanding and conserving our resources. Experience has taught us above all that no one, individual, corporation, or nation, can spend his assets and have them too.

UNITED STATES INVESTMENT ABROAD

Even on the moot question of United States investment abroad, now being so unaccountably promoted by the Eisenhower administration, as it had been by the Truman administration before it, it may safely be considered that this is another expression of American political Messianism. In a world where socialization, with its virtual expropriation of foreign investment, is a common occurrence, where capital is often treated as being an exploiting agency in itself, where invested as well as earned moneys are frozen and may not be taken out by the American investor, or where the foreign investor is treated as a dangerous interloper and subjected to increasing taxation and limitations by law, the question of expanded foreign investment should at least be considered doubtful. Yet we find virtually the entire Government of the United States, with its Treasury and Commerce Department and other related bureaus, encouraging, promoting, and demanding that American money be diverted to the various countries whose welfare we are seeking to promote.

There is now some \$15 billion of United States investment abroad, and it is sought to raise this to \$25 billion, all without guarantees or acceptable assurance whatsoever from the recipient countries. These beneficiaries talk liberally of cooperation but refuse to abide by the rules of ordinary good conduct or even fair play. Moreover, insofar as part of these moneys go to the so-called undeveloped and dependent countries, the peoples of these territories have every right to anger and apprehension in feeling that by thus funding and supporting European imperialism, the American Nation has made itself their appointed enemy.

Almost without exception all other nations discourage and even prevent altogether such investment outside of their own fiscal control systems, and consider it an untenable drain on the national resource.

Everywhere we see the same disquieting picture of a mutual aid which operates only one way. Certainly I can be forgiven if at times I think we fought the Revolution of 1776 for nothing and that the United States is still a colony in the true sense that a colony exists, functioning principally for the benefit of the mother country.

DULLES SAYS "SPEND MORE"

In the Weekly Review, a summary of political and economic intelligence prepared in Britain and widely distributed in the United States to businessmen, political leaders, and others, the blunt declaration is made that "Mr. Dulles is very strongly convinced that America should use her immense wealth to create a vast mutual trade area, embracing in particular, all central and southern Africa, the entire British Commonwealth, and as much of the rest of the world as possible. Eisenhower agrees with him. So do a growing number of powerful commercial bodies which have been briefed with the military and economic facts by the administration."

If this be true, what a frightening and disastrous commentary it offers on the present floundering course of the American ship of state. It says that we are to be driven to the very edge of catastrophe, and that willy-nilly we are traveling the road described by Lenin when he declared that America would be brought to its knees by internal bank-

ruptcy brought on by the unlimited squandering of its resources.

A DISSOLVING AMERICAN ECONOMY?

The Russians count on the fact that they will never have to fight a war against us. Just as they took China and the other satellite countries by a mixture of guile and force, aided by the moral collapse and impending bankruptcy of the victim states, so they calculate the biggest plum of them all, the United States of America, will fall into their hands by the dissolution of its own internal economy. This is an end which they are pursuing and promoting by every strategic effort at their command. Though we have been assured by our leaders over these many years that by this squandering of our assets we somehow are confounding the Kremlin, it may be that our action fits in very nicely with Russian policies and that instead of being resisted, it has been promoted by them. I do not know what other conclusion can be drawn from the fact that we have continually been stimulated into this course by Moscow. Whenever we seemed to be settling down into some sort of complacency, the Kremlin could be relied on to agitate some new segment of the world's economy, inflaming American nervousness again, and causing us to continue in the role of Uncle Sucker who is blackmailed from all corners of the globe on the score that communism threatens and that those threatened will not resist unless we manage to buy them off.

This situation has gone to the point where it subverts any possible rational approach to our problems. It is not an exaggeration to say that it directly threatens the existence of the American people, who are truly standing alone in the world today, and who moreover are wrecking their own internal economy and their own defense mechanism in a terrible and unproductive effort to play the role of anointed men, appointed by Providence to lead humanity out of the morass in which they move, to follow our Mr. Dulles and his associates into the sacred precincts of the millenium.

This spiritual permeates the entire administration, which is not a changeover but an inheritor from the previous administration.

BOWLES SAYS SPEND STILL MORE

Mr. Chester Bowles, who 2 years ago was United States Ambassador to New Delhi, has told us that—

we should offer both India and Pakistan the same bold assurance that we gave Turkey and Greece and later the nations of Western Europe in 1947, that we will not allow their economies to fail in the next few years for lack of financial resources.

Neither India nor Pakistan has given us a modicum of identifiable support in our struggles against Sino-Soviet aggression. India in particular favors pacifying the Chinese Reds by jettisoning Chiang Kai-shek, and wishes to see Red China seated in the Security Council of the United Nations. In common with other British Empire associates, it is plumping for East-West trade, whatever the result in dangerous buildup of the Soviet industrial warmaking base, and accepts the new international gospel that Uncle Sam is selfishly rich and that it is his duty to support the world and to bring the standard of living everywhere into equalization with that in America.

This latter expectation, this concept of the ordination and duty of Uncle Sam to act as a minister to all of the peoples, is not only unique but unprecedented in international life. Even the Soviet Union, considered fanatic in its pursuit of doctrine, insists on value received in all its dealings, whether with its satellites or elsewhere. In fact one may well believe that in practically every case it exacts more than it receives.

In every case, including that of China at war, a quid pro quo is involved for all assistance the Kremlin sends. Moscow does not give anything for nothing. It exacts a price and condition in which the paramount interests of the Soviet Union themselves are always the leading element.

AMERICAN GOVERNMENT FOR AMERICANS

I have always taken the position that while it is right and proper for Americans to assist foreigners when they are in trouble, it is not the primary duty of the American Government to look out for foreigners first and Americans second. Under circumstances such as followed after the historic earthquakes in Japan, Americans rose magnificently to alleviate the suffering; but it is not our manifest destiny to remake the world or to remake the relationships of the countries to each other or to their own internal goals. To do so means that we will have to sit in judgment on a myriad of causes—on their colonial imperialism, their Marxist tactics, the way they treat their minorities, and, in fact, every detail of their national operation.

Certainly we can take no responsibility for their internal concerns, for their standards of living, and for other factors which dictate the terms of their existence, unless we are able to exercise over them and over their future the same authority which the Russians wield over the lives of their satellites. This we obviously cannot do; it is an outcome every right-thinking American would shy away from. It is not within our philosophy of life to be dictators, but only a frank dictatorship and cold-blooded imperialism is capable of assuming such responsibilities successfully. A free nation like our own attempting to operate on the highest of moral standards and eschewing any attempt at interference with the internal life of these pensioned states, can rely on nothing from them but resentment, and will not even receive the quasiadvantage of vassal to master.

UNITED STATES EXPORTS

We can juggle figures as much as we please in an effort to make the mutual-aid principle look different from an ordinary swindle, but one need not look far to understand that it is the Treasury of the United States which in real effect is financing the great bulk of the purchases made in this country from foreign sources. Comparative figures relating to levels of foreign trade, or levels of export by ourselves, must be examined with the utmost care. Otherwise there will be found serious questions of logic, management, and accuracy, which underlie these figures and change their meaning. For example, a change in the pegged value of sterling, or of the franc, can contrive an automatic change in relative import-export position which is all appearance and no reality. Or by increasing military shipments, which are a case unto themselves, our export can appear immense. Our actual loss of commercial export shipments in March of 1953 against the same month last year, was 21 percent, but an increase in military shipments of 181 percent almost equalized the total figure in which it was buried.

The true fact is that much of the money to pay for foreign purchases in this country is derived from the tax moneys of the people of the United States via the United States Treasury. In the truest sense these purchases are gifts.

THE HOAX OF RECIPROCITY

It is equally true that the Treasury of the United States is underwriting the industrial establishments of these same countries. So in effect it is we who pay for the exports; and by the same sequence of reasoning it is largely we who finance the imports which

enter our domestic market to compete with our home-produced goods.

Any examination of this question of reciprocal trade, if subjected to ordinary yardsticks of measurement, makes it apparent that we are being made the victims of a sort of international hoax, on which our leaders keep conveniently silent. The nations who exclude us from their domestic markets are in the process of invading our own, where they are able to offer cutthroat competition to American industry with its high labor and production costs.

The plain fact is that on the mistaken presumption that there was somehow an absolute connection between the economic capacity of Europe to produce and the willingness of its population to rush headlong into communism, we have urged and stimulated the Continent to produce more than it has legitimate market for. Now we find Europe plagued with this very problem. To relieve it, it is demanded of us that we open up our own markets still further, to absorb the surplus which we, ourselves, are responsible for creating.

Thus prompted, Europeans, with their vast pools of cheap labor in the colonies and low wage standards at home, are going ahead on a course of unconditional industrial expansion. Since this expansion bears no relation to existing market, it must in the end thrust them into the necessity of trade with the Communist East. This situation I shall come back to presently. Not only are we financing these people but we are teaching them efficiency. Their great advantage obviously lies in their pools of cheap labor. The things they want from us in particular are jigs, dies, and heavy machinery for the producing of consumer goods. In short, they are building a competitive industrial society which in the end will either supply the Soviet East, or will be in unrelenting competition with us all over the globe.

AMERICANS MANUFACTURING ABROAD

If we can see 2 inches in front of our nose, we must know that one day we will have to pay the piper for this binge of emotional madness. Even today more and more American companies are manufacturing abroad, buying or building plants in order to have access to the pool of cheap labor which exists there. In this way they are able to serve foreign markets more easily, and even to export to the United States. This trend is firmly established in whole sectors of our industry, in the manufacture of cameras and film, automobiles, and chemicals, and is rapidly widening. There are automobile and other American manufacturers who are actually building and exporting for sale to the United States well-known American brands and makes, including motorcars. In short, Europeans have our money, and are now in a fair way to capture our industry itself.

UNEQUAL COMPETITION

Certainly the same measuring rod used in relation to our own production for export cannot be used in regard to that of foreign countries. Their labor standards and conditions of operation lend themselves to far cheaper production. Fully as important, these countries possess managed currencies, and their semiauthoritarian structures give them the advantage of being able to underwrite their exports and to achieve strategic goals by cutthroat competition.

Where our own exports are individual, the business of foreign countries is for the most part conducted or controlled by the state, which in one way or another manages it and is in a position to use it as a weapon of state policy.

We have seen that the only way in which we can invade European markets is by the actual underwriting of our exports, which

become in large part a gift to these countries. Without these incentives, European industry, heavily cartelized and closely associated with government, is totally self-protective and exclusive.

On the question of European invasion of our domestic market, it hardly seems a matter of argument that any producing state whose workers possess a subsistence level much below our own can produce cheaply enough to provide ruinous competition for our own industry.

RUINOUS COMPETITION

Actually there already exists serious evidence of the extent of this danger, though we still are sheltered by a certain modicum of tariff protection, and though no full-scale invasion of our markets has yet occurred. One need only point to the tuna fisheries, where much idleness has been produced among California workers and shipmen due to low-cost Japanese competition. Our production of opera glasses and binoculars has been seriously hurt by Japanese imports, which are able to sell in our own home market for less than one-third of the price American manufacturers must have if they are to allow workers an American standard of living.

The same is true of Ohio crockery and of other industries, which have been compelled to compete against even the limited import which is now allowed under such protection as we today possess. One might say that competitively our exports have been suffocated in world markets except for those goods which we can produce cheaper by virtue of our own machine efficiency, or dispose of by financing the transactions for the benefit of the purchasers.

Here we should take warning that our present advantage of superior production efficiency will not last forever. As I have pointed out, we ourselves appear to be actively committed to bringing the efficiency of European production to our own level.

PRICING OURSELVES OUT

Thus we are committed to a policy of eventually pricing ourselves out of export markets altogether.

Should we also open up our domestic market to this kind of catastrophic competition? Without adequate protection for our manufacturers and workers, what will become of the American standard of living? Must it not decline precipitously?

Do any of the advocates of this policy of nonprotection of American goods consider the manipulative ability of foreign producers based on their integration with the state itself, their massive cartel structures and their relation to corrupt and dishonest currency systems, all of which favor the intervention by the state in the area which we refer to as private trade? Our own producers could hardly be expected to compete against the dumping processes and quietly formulated price wars which can, under these conditions be conducted against them by foreign competitors.

When one considers the low living standards and consequent low production costs of these nations, is not the situation fraught with the greatest danger to our own people? The average American wage earner working in heavy industry makes about \$1.80 per hour. European wages are not much more than a third of this. The wage scale in Asia and Africa often does not reach this figure for a full day's work. American metal miners get 7 to 10 times the wage paid native labor in the rich African mines.

Let us be entirely practical in this matter. Unless the benefits of the present mutual-aid program, now so strongly urged on us, are plain, neither the administration nor the Congress possesses either the mandate or the right to make the uplift of other peoples an

essential of our own state policy. On the basis of plain historical evidence, these peoples have been in existence a long time. Their submarginal or low standards of living have been a constant factor in their history; the gulf between our own high standards and their low ones is by no means something new and unique, and bears no perceptible relation to the question of international communism.

STATE INDUSTRY—SINISTER THREAT

The logic of the position would appear to speak for itself. To give some idea how state- and cartel-controlled industry and low producing costs could send us headlong into ruin, we have only to look at recent Soviet dumping of potash here. It is claimed that the Soviets are exporting to the United States at an offering price less than our producers are able to mine and refine it at. This action is seen by George E. Pettit, vice president of the Potash Co. of America, as a sinister threat to an important American industry. He points out that the dumping pattern is clear, and that in 1950 when a serious strike disrupted our own potash production, Communist potash was offered at 40 percent above the present price.

Further evidence is offered by new competitive developments in the oil market. Russia is not a country blessed with an oversupply of oil as far as we are now able to determine. Nevertheless, she has been able to offer Japan Saghalien oil at a figure 30 percent below current international f. o. b. prices. On the subject of petroleum, we were told at the time of the Israeli-Arab war that it was necessary to be on the side of the Arabs due to the petroleum resources in Arabian countries, which were described as desperately required by the West. Today the biggest producer, Abbadan in Iran, is for effective purposes out of the market. Yet we ourselves are faced with a glut of petroleum in our own country, with an enormous inventory, complicated by steadily increased imports from countries where there is very little to pay in the way of tax and where the labor cost is only a fraction of ours.

OUR MINES CLOSING DOWN

Much of the same situation applies to coal. Rising costs and increased competition from cheap oil is contributing to the closing down of coal mines throughout the country. The importation of cheap foreign oil waste is supplanting coal for use as fuel in many eastern industrial centers. The production of coal in 1953 has dropped 20 percent below 1952. Prices of bituminous are sagging. Small soft-coal mines are closing.

Even more important, in view of our military requirements for war, is the fact that our lead, zinc, and copper mines are shutting down. The reason? Cheaply produced, state-controlled lead, zinc, and copper from abroad. It is impossible to compete with the gigantic African mines, for example, with their depressed standard of labor, if mine owners are to operate under the conditions American labor rightfully demands.

How can one relate the position, even on such basic raw materials as these, to the loud outcry being made by foreign states against our alleged economic nationalism and high tariffs? Actually, these tariffs are not high, and have been steadily declining over the years. Before World War II, the tariff on lead and zinc came to about 40 percent of selling price. Today it is only about 8 percent; but even this minor percentage seems to annoy our friends abroad as representing an unwarranted interference with their exploitation of our market.

DRIFT TO DEPRESSION?

It is submitted that our domestic market is not capable of absorbing unlimited shock. Farm income has fallen by more than 8 percent in a year and is still dropping. All sectors of our economy are showing signs of

regression. Retail sales are off, and even homes are beginning to be a drug on the market, except in the low-price ranges.

The latter situation is not due to the fact that full consumer demand for homes has been met. Certainly the Nation is not overbuilt in this respect. The need for new construction could not be filled for years.

The condition is due entirely to the fact that people increasingly feel themselves no longer in a position to buy. The pressure of taxes and the gradual decline in whole sectors of our national economy, remain the responsible factors.

The pressing need for schools and for hospitals is equally great, but our communities do not feel themselves able to accept responsibility for these costs.

A considerable proportion of informed and authoritative opinion believes that we are drifting toward actual depression. This appears to be the considered judgment of many Government economists and is reflected in certain measures undertaken recently by the President's Office itself.

Under the circumstances, is this the time to place our domestic market under still greater strain by removing even those minimal safeguards for American production which now exist?

Yet we read in the widely syndicated newspaper supplement, *This Week*, an urgent piece of "Trade, Not Aid" propaganda in which the bait of lower prices on everything is held out to Americans. The president of Britain's powerful board of trade, Mr. G. E. P. Thorncroft, is caused to say piously, "We ask for the free and fair competition which has been the mainspring of your country's expansion." Yet Mr. Thorncroft's organization has been instrumental in excluding American imports to England by methods which under American law would promptly land him and his associates in jail for conspiracy.

The author of this article quotes Henry Ford II, who now builds Fords under the name of "Consuls," in England with low cost labor, reshipping them to the United States for sale, as demanding "a new law without loopholes, encouraging the most rapid possible elimination of all tariffs," and "the abandonment of the Buy American Act, which limits Government buying of foreign goods."

OFFSHORE PROCUREMENT

Should we not do the reverse, and eliminate such unsound practices as those concerned, let us say, in offshore procurement? It appears to me that the spirit of these practices results in overturning the manifest will of the Congress, handing to foreign nations billions of American money which do not even show on the subsidy sheets. If we are to give these vast sums away, would it not be proper to at least possess the advantage of doing the manufacturing here so as to aid the American worker and to put a floor under our threatened economy?

PURBLIND POLITICIANS

I, for one, am fed up with the whole of this situation, and with the excuses made for it. Arguments on its behalf appear to me to be no more than pious quackery, whose instigating sources urgently require investigation.

Up to this hour the bureaucrats and politicians still remain urbanely purblind. They do not bother to conceive that if there could be an Alger Hiss there can be still other Judas goats operating in our higher echelons for causes not our own. Never looking outside of their blinders, they bandy the words reciprocal and mutual in a manner which gives these familiar words new meanings, an aptitude they have in common with our Communist enemies, who do not hesitate for example to refer to themselves as the "peoples democracies" and the "peace-loving countries."

In order to assist in maintaining the price on Malayan rubber we are told that the

administration is "giving serious thought to boosting the price of synthetic (American produced) rubber." The proffered reason is to realize additional earnings from the Government's synthetic plants before they are sold to private industry. The real reason obviously is to further bail out our associates abroad. Meanwhile these same friends, as I have pointed out, have pulled out of the International Wheat Agreement, haggling over a minor difference of 5 cents a bushel. At the very moment when wheat is literally running out of our ears, it appears that the British are to be supplied by a bilateral deal with the Kremlin for Russian grain. Reversely, when it comes to commodities controlled and marketed through cartel and government manipulation, they are practicing dumping, even on our domestic market. This has already ruined our lead, copper, and zinc mines, and has cut our cotton export to 2,455,000 bales from the period of August 1 through April 30 last, as compared to 4,891,000 for the same period for the previous year.

WE MUST HAVE FRIENDS

All of this looks like a scandalous misdirection of statescraft in which Uncle Sam has been elected to attempt to support the world on shoulders already growing shaky with the immense burden which has been loaded upon them. At the very least it is an offense to the American citizen who must work harder to pay increasing taxes, and who must expect less in the way of living standards for his family and education for his children, in order to continue with this constant drain on us.

There is an old axiom which says, "I will protect myself from my enemies, but God protect me from my friends." President Dwight D. Eisenhower, a distinguished American who has received the greatest distinctions within the power of the American people to grant, recently alleged in defense of exactly the record which I am reciting today, that "we cannot go it alone" that "we must have friends." Through his own attainments and his occupancy of his present eminent office, due attention must be paid to his utterances; but should it not be pointed out to him that friendship involves not only gratuities but mutual responsibilities, a willingness to stand resolutely at the side of comrades in arms when the going gets rough, and that it comes to something more than a periodical attempt to squeeze dollars from the old softheaded guy with the whiskers?

While we are on this subject, the entire NATO plan is nothing but a delusion. It is replete with distortion of the fundamental facts, if the issue relates to our ability to defend Europe against actual Russian aggression, and to Europe's willingness to defend itself.

NATO A FAILURE

However, one does not need authority to understand that NATO is an unrelieved failure. During all of these years the treaty alliance, which gives it effect in France, has not even been ratified by the French Parliament. It can be expected that the French will continue to stall it indefinitely. Their purpose seems to be more that of preventing German rearmament than of building their own military establishment. The Germans in turn are seeking to lay down their own conditions for associating themselves with NATO, and sometimes give the impression of having adopted a pacifist and nonmilitary attitude. The British are sabotaging the political and economic unity which would make it operable; The Spaniards, West Germans, Swedes, and Swiss are no part of the arrangement; and the entire principle of earnest arming and mutual support, even of the borders of their neighbors, is only halfheartedly applied. I am reliably told that all of the NATO states possess little more than token forces, incapable of defending even their own territories.

I note that Defense Secretary Wilson has unburdened himself of the astounding declaration that the 20th Division United States Army with its improved weapons and equipment "would be able to offer real resistance" if the 175th Division Soviet Army should attack. Beyond the implicit acceptance of the idea that this is no European duty but one incumbent on Uncle Sam, this statement has little more to recommend it than that of a previous Defense Secretary, Mr. Johnson, when he declared in essence that if Stalin attacked in the morning, we would knock him into total insensibility by late that afternoon. I cannot believe that Mr. Wilson added up comparative figures of men and equipment or consulted his military and logistical maps.

ALLIANCE WORTH NOTHING

I am willing to go on record as saying that outside of the monetary rewards, and the expenditures made by American troops on the economies of the various countries where they are stationed, this so-called alliance is worth nothing, and is about the shakiest thing ever created. So far from accepting Mr. Wilson's statement, I challenge the Government to produce one single qualified military man who will declare that all of the combined forces of NATO together are capable of stopping Russian aggression against Europe, or of holding a line anywhere, for 24 hours.

Since we are pouring our funds into this painted sepulcher while at the same time denying even our Air Force the money it desperately requires to maintain itself at a proper defense level, it seems to me that NATO creates a dangerous diversion, and for this reason alone constitutes a true menace to the ability of American people to defend themselves in war.

There are not 10 active divisions in the entire NATO structure which possess anything like adequate antitank, antiaircraft, and other supporting units, or even adequate small arms. In fact, it is not an exaggeration to say that the Swiss Army alone is better organized and better armed and perhaps possesses greater actual strength.

FRANCO-RUSSIAN ALLIANCE

The assumption, moreover, that somehow American interests are identical with the interests of all these ill-assorted countries, including Mr. Tito, whose devotion and loyalty to the democratic ideal in the long run certainly must be qualified by some reasonable doubt, is sheer nonsense, for none of them are interested at this moment in any more than their own immediate self-interests and well being. Both the French and British also possess an existing alliance with the Soviet Union.

Article 6 of the treaty between the U. S. S. R. and the French Republic, signed in Moscow on December 10, 1944, reads that "the high contracting parties agree to render each other every possible economic assistance after the war, with a view to facilitating and accelerating reconstruction of both countries, and in order to contribute to the cause of world prosperity." The treaty is valid for 20 years unless denounced by either party, which to date has not been the case.

ANGLO-RUSSIAN ALLIANCE

The treaty of mutual assistance between the U. S. S. R. and the United Kingdom of Great Britain and Northern Ireland, was signed in London on May 26, 1942. It similarly lasts for 20 years and contains the same provisions. Both treaties, incidentally, require that in the event that "one of the high contracting parties during the postwar period becomes involved in hostilities with Germany or any of the States of Germany . . . the other high contracting party will at once give to the contracting party so involved in hostilities, all the military and other support and assistance in its power."

When one considers that we are in the process of arming Germany and seeking to incorporate German legions into the NATO forces, this reading must at least raise eyebrows.

RUSSIAN-JAPANESE ALLIANCE

It may be argued that somehow these treaties, which also bear the name of "mutual aid," have become a dead letter. Certainly it would appear that this were so, though Pravda occasionally refers to them as if they were very much alive. However this may be, even recent history teaches us that their demise does not necessarily follow as a historical absolute. These Japanese had such a treaty of nonaggression with the Russians, which many thought had been suspended due to the fact that mutual Russo-Japanese bickering had reached the stage of armed clashes. Nevertheless, when it became convenient for the treaty to be invoked it suddenly reappeared live as day. This was after the Japanese assault on Pearl Harbor, when in the interests of treaty niceties the Russians meticulously refrained from attacking the Japanese along the entire length of the Siberian border. Only when Japan had been knocked to its knees and was within a few days of total capitulation, did Moscow suddenly become aware of its duty to us as an ally. Moscow's action permitted the Japanese to leave the Chinese border virtually unguarded, and to undertake a mass shifting of troops and munitions to the front in the South Pacific. No part of these facts is mitigated by the final outcome, when at the last moment the Russians denounced the treaty, and with the consent of our own State Department moved in to get their share of the spoils.

NATO OBITUARY WITHHELD

All of this weaseling and play-acting suggests that the truth has yet to be frankly disclosed to the American people. It appears to me that NATO not only has failed, but that it has already died and been written off, and that the administration is biding its time before it so informs the American people. In short, our European friends who gave excellent lip service to the mutual aid concept as long as Uncle Sam was willing to foot all bills, have done little if anything on its behalf. I, therefore, state that NATO as it now stands constitutes an imposition on the good faith of the American people. It is an unqualified failure, and the American people should be told this unpalatable truth as quickly as possible.

For the sake of the record, I should like to say that I for one have no wish to go it alone. We need all of the allies we can get anywhere, but we need actual allies, not petitioners for favors, who back off when the chips are down. I repeat that true alliance is like marriage. It invokes the necessity for equal obligations and equal sacrifices, and cannot be a one-sided deal.

TRADING WITH THE ENEMY

Our European associates found in the China trade a lucrative source of income. It may truly be said that every Chinese-run motorized vehicle, whether tank, truck, or motorcar, operates on the rubber and gas sold to them by these countries, and brought to Hong Kong and Macao or to Chinese ports in European ships.

The International Statistical Service estimates that—

"Even under present conditions of restricted imports from the Western World, Communist China still depends for about 40 percent of her supplies from overseas shipments."

The total of shipments to China via the British port of Hong Kong in 1952 totaled \$149 million. An additional \$2½ billion worth of goods is estimated to reach Red China annually by sea through its own ports. The supply lines themselves are operated by

a fleet of ships owned by our own allies and mutual-aid associates.

A United States Commerce Department figure indicates that these countries are trading with Communist China to the tune of \$600 million a year. This does not include a large and rising volume of black-market transactions to which these states conveniently close their eyes. It includes an import last year of large quantities of rubber, wool, cotton, and chemicals and machinery and oil. Ceylon, which is a British dependency, has made a new 5-year trade agreement with Red China under which it is to ship 50,000 metric tons of rubber to that country in return for 270,000 tons of rice annually. Egypt has just concluded an arrangement with Eastern Germany under which she will send that Soviet satellite cotton, manganese, and phosphate in return for Soviet-produced materials. Indonesia, which is on our list of so-called friends, has just concluded another swap deal by which rubber, tin, and critical raw materials are to be sent to Communist Poland in return for goods which the Soviet Union produces in excess.

CHENAUT'S AIRPLANES

Acting urbanely as middleman, the British in Hong Kong are offering Japanese exporters a swap of coking coal from China for textile spindles from Japan. It is for such considerations of expediency that a British court at Hong Kong, in the midst of the terrible struggle being waged on Korean battlefields, decided to give the invaluable airplanes of the China airline, owned by a company headed by the American general, Chenault, to the Chinese Communists as being the rightful owners. This decision finally was overruled by the highest British court in Hong Kong after a 3-year legal battle and strong unofficial United States representations. The airplanes were sitting on Hong Kong ports during all of this litigation and literally rotted away. This tedious concentration on alleged legal rights possessed by a hostile power engaged in shooting down our boys, and, for that matter, a few token British companies seems more than reason can stomach.

EUROPE WANTS RED TRADE

Distrust of the United States is a constantly repeated report by observers in all of the European capitals. Europe shows every indication of entering into massive trade arrangements with the Soviet Union, and to become an important supplier of machinery and other vital goods to the Soviet apparatus. Their cartelized business structures are chafing at the leash to do openly what they are now doing surreptitiously, supplying the Soviet Union. They are perfectly willing to sell anything at a price.

This situation is covered nicely by the finance analyst, Sylvia Porter, in a dispatch to her newspaper syndicate from Vienna. Miss Porter states that "all over Europe, there is strong resentment against our rigid and broad curbs. The pull to revive trade with Russia is really serious and intense. What is Russia to gain by this offensive? Plenty. She desperately wants many strategic materials as West Europe wants markets. Copper, chemicals, steel, machine tools—she is willing to pay fantastic prices, go to extraordinary lengths for this sort of stuff, a highly informed diplomat told me here. She needs these materials for her war buildup and industrialization."

Whatever morale the European states have had, has been sapped by years of desperate bickering, postwar austerity, and by the introduction of the theorems of the welfare state. Robbing their citizens of incentive, multiplying the drones and taxing to the point of semislavery. Ludwell Denny, the Scripps-Howard foreign editor, stated the matter well, saying that, "The people are ceasing to care, they are becoming fatalistic,

they no longer labor with the old zest, or struggle with the old assurance. There is more loafing, more escapism, more gambling, more cheating, more crime. The appeals of their leaders for more discipline, sacrifice, production do not stir them."

The enterprising Soviet expansion economy understands or senses the position better than our own leaders. As a totalitarian state, Russia is able to exploit this psychology to the fullest. She can make terms which have nothing to do with profit or loss, but only with ultimate Russian strategic goals. As I have pointed out, they have already offered 600,000 tons of crude oil to Japan at a price strongly below the market. Moreover, they do not request dollars in payment, but boats, motors, engines, and the products of Japan's shops and foundries. One may well imagine the hypnotic effect on Japanese businessmen who have suffered a loss of their customary Chinese mainland markets, and are being choked in Africa and the balance of Asia by sterling area curbs. Yet it might be well to mention that if the British are so anxious to liberalize trade they might well make a start with the sterling bloc mechanism so as to release Japan from its present compulsion to deal with the Red Chinese mainland.

STEALING ATOMIC SECRETS

One may concentrate on the fact that our associates in the Korean adventure are guilty of dealing with the enemy for profit, that though they possess populations many times our own, and resources comparable to ours, they have contributed almost nothing to the struggle. All of this may be an understandable piece of dissembling which in the end will right itself. But there is something worse, which derives from the ability of these states to work both sides of the street, the access they possess to our state and military secrets.

For some reason which is not quite clear, the British were selected from the French, Belgians, Mexicans, Brazilians, and other associates in the United Nations and given access to our atomic and other secrets.

During this period we made a great fuss over our own minor-league culprits like the two Rosenbergs, who we are told managed to steal certain drawings. But who has said anything about the wholesale delivery of atomic and other top-drawer secrets to Moscow, funneled directly through a series of turncoats and Russian agents who were placed by Britain in the highest possible position for a full and unreserved disclosure of these highly confidential matters. I refer now to Allan Nunn May, the Canadian scientist; the German, Klaus Fuchs; and the Italian, Pontecorvo; all employed by the British Government, all vouched for by Whitehall, and all with direct and almost total access to the secret diagrams, charts, and papers which concerned our atomic achievement. I refer also to Mr. MacLean, who was head of the American division of the British Foreign Office, and Mr. Burgess, similarly well placed, both of whom had access to top-drawer material and were part of the transmission belt which operated between London and Moscow.

BRITISH LENIENCY

Yes; these men turned out to be espionage agents for the Kremlin. Some disappeared into Russia; some were tried and convicted for their crimes. When I say convicted for their crimes, I am taken aback to find that the British not only did not manage to protect us against the depredations of these top-drawer agents of Stalin, Beria, and Malenkov, but allowed them to escape with only a few years in prison. When I compare this with our treatment of the pitiful little American Communist agents, the Rosenbergs, who were sentenced by our courts to death, I must confess a certain feeling of exasperation.

Before it is considered what these things mean in terms of practical overall policy, we should remember that in the last national election if the vote and the issues meant anything at all, they meant that the people have expressed their will for a radical change in this wholly ridiculous policy. This change will not be brought about by a further and continued adherence to Europeanism and to shopworn social theories which are passed off as something brilliant and new, or by a quixotic bout with the windmill of messianic ordination. It can only come about by centering our judgments on the duties and realities of life as they apply directly to ourselves.

AMERICAN SECURITY FIRST

It is not shameful to say that it is perfectly proper and respectful for Americans to look out for themselves and to place the security of their own Nation first. To do so is not unjust to other people. In the end it may serve better in our effort to command the esteem and regard of others than the existing subsidy policy which only acts to weaken the character and sense of moral responsibility of our European friends.

In this very real sense I have been told by prominent Europeans that our actions have done Europe itself considerable hurt.

Just as our pioneers created out of nothing by their own unaided sweat and labor a great nation, these now-forgotten European statesmen understand the true meaning of the phrase, "God helps those who help themselves."

They know that the padrone principle can be as destructive to the character and moral strength of nations as it can be to that of individuals. These finally lose their capacity to cope with their own problems on their own responsibility, as any indulgent father with a spoiled son will unhappily testify.

In short, if it be argued that we have been victimized by Europeans, who are unwilling to take resolute action by which their own social and military problems may be resolved, it may be conversely argued that Europe itself has been victimized by our principle of handouts, which has served to destroy European stamina and the spirit of independent initiative and resourcefulness necessary to survival.

SOCIAL WELFARE FIRST

Let us look at another part of the pattern by which our associates in the mutual aid program are operating. What a pathetic and irresponsible picture it presents.

While we have been squeezing our productive economy dry for taxes to prepare for war and to support the so-called free world all over the globe, European statesmen have been doing exactly the opposite, and even seek to reduce what little they are spending on behalf of their own defense.

It is these European states which are directly on the firing line if there is to be trouble. It is they who are immediately threatened if any of us are threatened. In David Lawrence's *The Business Outlook*, he dwells upon the fact that European failure to make progress toward strength and self-sufficiency is based to a great degree on the priority given the expansion of production facilities over defense. France, for example, has spent 30 percent of her budget for public works. Norway invested 29 percent of national output in new productive facilities. Public assistance for health and education has now reached 21 percent of the Italian budget as against 8 percent in 1938. Britain jumped her welfare costs from 22 percent of the budget to 32 percent, and Norway from 26 percent to 35 percent.

If social welfare is of such importance as to take precedence even over defense and security, then it is submitted that the American, who is footing the bill, has as much right to free wigs, toupees, false teeth, medical services, and the rest, as the European who is receiving all of these benefits through

the indirect medium of American tax moneys.

INTO COURT WITH CLEAN HANDS

I do not believe in the devil theory as it is applied to human beings. I believe that the British and French are nice people. On the other hand, I would be succumbing to the prevalent hysteria if I did not also state that I believe the Russians are nice people. I believe that the Russian Government and state organization is engaged in a conspiracy against the freedom of the world, and is guilty of the crimes against humanity which we all find so hideous. But as I have pointed out, two wrongs do not make a right; and to the degree that imperialism is an evil which cannot be mitigated because it is committed by our friends, we are not helped in the uncompromising worldwide war in which the Russians and ourselves are seeking the conquest of men's souls. One must come into court with clean hands in this struggle, and the imperialists cannot do so for the reason that they are imperialists, only in a degree less culpable than the Russians. They are incapable of a total action on behalf of freedom as we conceive it. Their own primary interests come foremost, unrelieved by any consideration of the welfare of their neighbors. They are determined at all costs to protect their own little exclusive systems in which their vested interests—financial, political, and industrial—are anchored.

TIME TO GET OUT OF EUROPE

I do not pretend to understand altogether how Europeans have been able to acquire so hypnotic an influence over our statesmen. I only know that somehow we will have to get these people off our necks, and their hands out of our pockets. It is time for the United States to get out of Europe, and stay out.

This is a blunt evaluation, but the times call for blunt talk. If the American taxpayer, like the goose which laid the golden eggs, is not to be annihilated, we will have to return forthwith to the historic American policy of minding our own business and letting other people mind theirs.

This does not mean that we are prepared to let such an aggressor as the Kremlin run amuck in the world, any more than it did in President Monroes' time, when we put an effective end to the aggressions of imperial Europe on this continent by a simple notice that any such action would see us come in shooting. This was a much more effective instrument than the save-the-world policy we have followed in this generation, with its placating and wooing of the most ridiculous people on the even more ridiculous score that we are all equals together and are together equally supporting the great arch of civilization by mutual aid.

SUBVERSION OF HISTORIC ATTITUDE

I repeat, I do not know how this kind of unrelieved fantasy managed to replace the historic hardheaded American policy of wariness and independence of others. Certainly it would be of the greatest corrective value if we could find out how this subversion of our historic attitude came about.

In part, it seems to have arisen as a derivative of the make-the-world-over philosophy of the Marxists, in which it was conceived for us that Uncle Sam was now the appointed minister to all of the peoples. In part it is undoubtedly due to an inferiority feeling held by many Americans who believe that somehow Europe is better, more cultured, and needs to be kowtowed to. Part is due, I think, to the persistent and irrepressible pro-Anglicism which still sees the United States as an English colony intellectually and culturally, and which judges our highest duty to be support of the mother country. Here we find institutions which may be suspected of being powerfully organized lobbies, such as the

English Speaking Union, the Rhodes Scholarship Committee, and others.

Certainly a great part of this singular situation is due to the fact that no matter who rules this country in the top executive positions, the echelons of permanent officials underneath, especially of State Department officials, are made up of career men whose influence is not only great but decisive. It is these men who appear to know the facts and who impose the decisions in the largest measure upon their newly appointed superiors. They form a policymaking phalanx which literally needs dynamiting to breach.

THE SOCIAL INFLUENCE

In these true policymaking echelons we discover that the State Department has become for practical purposes a refuge for career people of the social register. These people see their highest destiny in the acceptances provided by British and French social circles. They possess a closer understanding of the so-called Mayfair group of London and the social rulers of the continent than they do of the people and points of view held by ordinary Americans. In this sense they are true cosmopolites and less American than international. Their whole life is associated with questions of social precedence and standing, so that all of their inclinations, sympathies, and ideas are propelled toward the interests of their European friends.

BIG BUSINESS BECOMES INVOLVED

Influential businessmen in this country often become putty in their hands; their wives are dazzled by social preferment, and the businessmen themselves, if they are important enough, may be quietly taken into the worldwide cartels and given a stake in the European game. This has happened in large measure with the petroleum people, and I am afraid with others as well, so that their interests have become identified with European interests rather than with the complete and total security of their own country.

A SERIES OF MISJUDGMENTS

All of this has pitched us forward into a series of inconceivable misjudgments. One of these was the vast loan and giveaway program by which we spent some 70 to 110 billion dollars with worse than a negative result. Another has to do with the seriocomic succession of actions which destroyed our position in Asia and handed China to the Communists. Another is involved in the astounding situation in Korea where the United States practically alone has been fighting a war in the name of the United Nations, while its so-called allies and associates continued a profitable trade in war-making materials with the enemy. Still another is the idea which has somehow been sold to American political leaders, that we bear a moral obligation to the peoples of the world to raise their standard of living even at the expense of our own. Finally, there is the tragic misconception that it is the duty of the United States to maintain the trade and fiscal balance of European states, which, of course, is the same as to say that their interests are identical with ours and places us squarely on the side of their state, social, and imperial systems.

A small sidelight on the consequences of these actions may be seen in such a territory as Malaya, where we regard it as in the common interest, and perfectly normal, that Malaya should be the so-called largest dollar earner for the British Empire. The result is the outlawing of those who seek independence and freedom in Malaya, who are looked upon as the enemies of civilization, so that their energies and hopes have been turned in the direction of the Communists, who seem to them to be extending a willing and helpful hand, rather than in the direction of free republicanism and democracy.

INTERNATIONAL BOONDOGGING

Just how fully this administration has accepted such responsibilities, which it has taken over directly from the previous administration, may be read in the newspaper account that Eisenhower will go to Bermuda prepared to give more concrete answers as to when, where, and how the United States will aid convertibility, lower tariff, increase foreign investments, permit expanded East-West trade, and so forth. Why these things are the business of the United States, since they encompass purely domestic affairs of foreign countries completely beyond our political control, is more than I can understand.

What is most astonishing is that this set of ideas has been so thoroughly sold to the American people that a discussion of them on the levels just quoted seems perfectly normal and natural, for under analysis they consist of little more than a continued shoveling out of American tax moneys on behalf of those who either will or cannot reciprocate or offer us anything in the way of a fair exchange of values.

INFLUENCING AMERICAN OPINION

Part of the position is due undoubtedly to the perfectly natural attempt on the part of our client states to protect their immense stake in the American do-good program. For this purpose they utilize every agency of propaganda and influence which may be operated or activated on their behalf.

The British, as I have said, are able to offer relaxation of currency and permit restrictions, and other favors to private business in large portions of the globe. They can allow a quiet entry of American business into the benefits of their airtight cartel systems, dividing part of the worldwide take with influential American concerns. In widely separate areas they can allow American newspapers and news services access to intimate news sources, or exclude them. Moreover, they control the great transoceanic cable systems, so that every American news service must periodically come to terms with them on the vital question of transmission rates.

They go to great pains to influence American public opinion directly, subsidizing by direct and indirect means, writers, lecturers, and publishing houses. They are even said to go to the lengths of keeping American economists, writers, and others whose influence might be deemed important under regular surveillance, examining and photographing their private papers in a cloak-and-dagger performance whose boldness and audacity in second to none.

Here is a matter which could easily be the subject for a congressional investigation—for it represents a direct and unforgivable interference in the conduct of internal American affairs by aliens, subjecting Americans within their own country to victimization by paid secret agents of a foreign power. This part of the British intelligence operation here is paid to operate under the cloak of a midtown New York bookstore.

By these and other maneuvers they are seeking to protect what they have grown to consider their freehold in the American economy. Their fine hand may be seen or suspected in many different directions, from the slanting of news in prominent newspapers and magazines to a deliberate conspiracy to discredit books critical of them and the situations they have been instrumental in bringing about. This is a widely extended web, and justifiably so, for the stakes are very large. As we know, they run into many billions, and these people may be excused when they apply a few millions of money and some part of their traditional mastery of the arts of colonial exploitation and divide and rule, to protect themselves in the arena of American public opinion against the loss of these revenues.

OUR VULNERABILITY TO PROPAGANDA

America, with its free economy, is peculiarly vulnerable to these tactics, which in many respects are most difficult to trace, though in many others they are perfectly evident. Certainly as long as we continue this policy of big money handouts, and of a foolish concentration on the problems of others, the recipients of these large sums will be tempted to do at least what any first-class commercial firm would do. They will undertake the most astute public-relations operation possible, involving an interference with and subversion of our sources of information, seeking to protect their own interests, and to keep these revenues alive as long as possible. Who can blame them? As an American, I must point out this unhealthy phenomenon as capable of wreaking great injury on the public-information pattern of our country, corrupting it and destroying the faith of the individual citizen in what he reads in his newspaper and magazine and what he hears and sees over his radio and television machine. Nor do I blame these Europeans too much for succumbing to this temptation. The fault is ours, and represents a situation fully recognized in American law—that of maintaining an attractive nuisance.

BOUND BY SILKEN CHAINS

The silken chains which bound us to the British Empire, its associates on the Continent, and the pursuit of the traditional British objective of balance of power, have never since been broken. Each zig and zag of British political need, objective, and conviction has found our Nation following faithfully in line, so that we seemed to have lost completely our capacity for independent action. All of this was immeasurably facilitated by the pro-Anglican group in the State Department, which saw in the rescue of Great Britain and her Empire the first line of defense and the first duty of the American people.

ABANDONING OUR FRIENDS

It is from the basis of British importuning, and willing American acceptance, that one must read such totally improbable acts as our abandonment of the Polish Republic in favor of the Russian Communist usurpers, our desertion of the Yugoslav state which had stood loyally on our side during the harsh, early days of the war, in favor of the Communist upstart, Tito; and our abandonment of the Chinese Republic with its wholly disgraceful and incomprehensible chain of following events, reaching from General Marshall's demand that the Communists be taken bodily into the government, to the physical rape of Manchuria, which was handed over to Russia and subsequently to the Russian creature, Mao Tse-tung, together with all of the immense captured Japanese war supply there; and finally that last enormity in which we agreed to the isolation and ostracism of Chiang Kai-shek, the lawful head of the Chinese Republic, castigating him as a criminal in a silly and infamous white paper which for practical purposes designated the Chinese Republic as an outlaw government which had richly deserved its fate. And now for the sake of trading profits, we are being high-pressured into a total recognition of the Red Chinese regime, involving the humiliation of seating these criminals in the Security Council of the United Nations, and of handing them Formosa to boot.

We have Yalta, Teheran, and Potsdam to remind us that the Russian word is worth nothing. We have the wanton murder of the 30,000 Polish officers in the Katyn Forest in an attempt to break the back of the Polish Republic which the Soviets had sworn to respect. We have a continuous evidence of dishonesty and dishonor, including the deliberate attempts to steal our

state secrets and to sabotage our Government for the purpose of its ultimate destruction. In short, we are constantly asked to start another series of endless and hopeless discussions such as those at which we have already been 2 years at Panmunjom, and which will only end when the Communists conceive it to be in their interests to do so.

THE DEAL WITH RED CHINA

It is known that the French and British are demanding of our President that we wash out on Chiang Kai-shek, as we abandoned Premier Mikolajczyk, of Poland, and Mihailovich, of Yugoslavia, making a full-scale deal with the barbaric Chinese Reds, seating them in triumph on the Security Council of the United Nations and thus giving them the greatest moral victory in an area where face is the most important fact in life. We are to turn over the strategic island of Formosa to the Reds and are to allow full-scale dealings in machinery, jigs, dies, and strategic materials of all kinds with which the Communists can build up their military apparatus for a new assault upon the world. Moscow and Peking are even to be offered special "security guarantees against aggression."

To the Chinese Communists who believe only in the efficacy of unlimited force, it could hardly appear that we are determined to stand by our convictions, or indeed that we have any convictions to stand by. It must seem to them that we are as weak and soft and decadent as Soviet inner propaganda has always contended, and that unyielding audacity on their part will surely carry the day.

Churchill has another and more fundamental idea up his sleeve, that of a continuing tripartite high command for the purpose of coordinating western policies. The United Nations again will be conveniently forgotten. A committee of three, involving France, England, and the United States, will determine everything. Americans, in short, who will be expected to put up the men and the money as usual, will only have one-third of the vote and, in effect, will yield themselves to the mercies of supergovernment without even the rights citizens normally possess to express a controlling opinion at the polls.

SIR WINSTON'S GREAT SCHEME

By this giant, ambitious scheme, Sir Winston seeks to restore his country from a fourth-rate power to 1 of the 3 leading nations of the world. His attempt to do so is intended to be the last magnificent act of an already amazing career. This achievement obviously rests upon a variation of the historic British policy of makeweight, in which Great Britain is to become the pivoting point between the two great antagonistic giants, the United States and the Soviet Union, keeping the two both at each other's throats or in equilibrium, as the balance-of-power theory demands. Thus Churchill will cause Britain to move up from the role which makes her only a minor ally of the United States, with London slated to become coequal as 1 of the 3 true forces of the world.

It is high time that we reexamine the entire position in the light of our own direct interests as a Nation, and with regard to our abilities to make our goal good. As far as I am concerned the United Nations is a self-evident delusion. The concept of collective security broke down entirely in Korea.

What is left?

Until the day that we are organized into a true world community, or into a true western community which can operate under law by sanction of its citizens, we have no business in any foreign involvements not beamed directly at the welfare of the United States and its people. The only proper function of Government as far as the peo-

ple of the United States are concerned is the benefit of the governed, and not that of peoples in faraway foreign places over whose actions we have no control whatsoever. Since a true world community does not yet exist, we must realistically meet the world situation as we find it.

SAVE THEM FROM THEMSELVES

From the beginning I voted against the save-the-world psychology, and against involvement in affairs abroad where our own interests were not directly concerned. It seemed to me that Europeans should take care of themselves, and were more likely to do so if we did not constantly intervene to rescue them from the result of their own bickering, and incessant quarrels and wars, hot and cold. I voted against the British loan, against the United Nations program, and against the entire sequence of events which has taken us to the very verge of insolvency and brought us from a position of the greatest possible strength and power to one of increasing vulnerability and weakness. At the time I was attacked violently as an isolationist, I was calumniated as an idiot and a scoundrel, and in the supercharged air of those tense times, found myself even without the support of my own party.

It was a point of view which despite every intimidation and demand, I would not recede from. It is a record I am proud of. I ran for reelection on that record in the State of North Dakota, and was returned to office with the biggest majority in the long history of my public life.

THE PEOPLE WANT A CHANGE

My colleagues underestimate the position if they do not know that the people of our great country are fed up to their ears with this "Alice in Wonderland" system of international polity. They thought they were making a major change when they elected the Eisenhower administration to office. They feel, as I have declared, that the only proper function of government in America is the material interests of Americans, and that it is neither our duty nor right to make ourselves responsible for the welfare of all the other people of the world.

The people of this country wish relief from the crushing tax burden with which they are increasingly confronted. They wish to be able to send their children through college and to achieve the results of their own labor in security, welfare, and satisfaction.

They want a solvent America, an America interested in the world around it, but which also knows how to mind its own business.

They want a strong America, and they feel and believe as I do, that America, strong, resolute, and devoted to its own interests, will find natural allies the world over. Under any circumstance we no longer can temporize with our own future in this wastrel and fruitless effort to underwrite and save from its own folly the entire world.

SHALL WE ENLARGE THE UNION

If it is necessary for us to accept responsibility for the economic and political well being of other states, let us at least insist on having some voice in the policies to be followed by these states.

Let us have a frank vote on the matter to see if this is the purpose of the American people, and if the American people so approve, let us place the matter before the British people, or others, seeking a merger of our countries under a new system of over-all law in which the obligations and responsibilities of each citizen will be equal to that of every other, as well as his rights and benefits. If we wish to remain as we are, let us do so without Messianic complications; but if it is our intention to adopt foreign states as our wards, let us extend an invitation to them to join us in a common brotherhood. Whatever we do, the principle must be based on the erection of law from

organic causes, on the ability of the entire union to operate on the Federal principle, by which the citizen who receives the benefit of the union is himself committed to its support, with his moral force his taxes and if necessary with his body.

This principle of duties of the individual toward the state, as well as his right to protection and security, is one of the keystones to our Government. If we are to extend the benefits of our resources and great inheritance to others, let them not be encouraged to play the role of mountebank to our drunken Santa Claus. They should be expected to stand with us as men, shoulder to shoulder, in the great struggle for a decent, a secure, and an honest world. If this situation cannot be brought about, either because it be rejected by the American people or by the others, our only remaining course is to look to our weapons and to mind our own affairs as much as we can.

BILLIONS—WITHOUT DEFENSE

Here again I cannot understand the rationality of a course which squanders its billions abroad in an effort to raise the living standards of other people, yet cuts down on vital Air Force commitments designed to protect our own Nation. This is a program which seems to make very little sense.

The Citizens Advisory Committee appointed by former Defense Secretary Robert A. Lovett some time ago made a public statement that the Nation's air defenses must be increased sharply to guard against the threat of an atomic attack. Russia is already capable of a ruinous surprise attack on our cities. The committee had reviewed the report of a group of Massachusetts Institute of Technology scientists who declared that America was very vulnerable to such an assault and recommended an urgent multi-billion-dollar program to strengthen our air defenses, using the latest in technological and scientific means. Yet the administration cut \$5 billion from the Air Force fund, so that there will have to be fewer Air Force wings than had been planned for the end of the year 1955.

This means of course also that vital research and development funds are to be radically reduced, a fact which the Defense Department has currently acknowledged.

CUTTING OUR AIRPOWER

There is no responsible figure who understands the aviation situation, and who is not appalled by this action, which has been imposed at a moment when the Soviet development in the air is known to already overbalance ours. Yet the spokesmen for the administration tell us that despite this cut we will get even more airpower than if the cut had been allowed to remain, implying that what has been cut was actually waste.

This of course is gobbledegook, for the fact is that we had to cut down radically on the whole plane-building program for the year. The construction of an air force and an air defense requires many years of planning in which much of the activity remains for long periods in the blueprint stage. The present retrenchment will mean a cut of almost 50 percent in appropriations specifically earmarked for new planes and equipment, and it will take years for us to recover from the actual regression in defense efficiency this course will force on us.

I disagree vigorously with the entire theory which proposes a great land army of citizen inductees. This is an antediluvian concept which does not belong in present technological age. It bears no recognizable relationship to our own capacity for defense, nor does it make the most of our superiority which is one of machines, training, and high intelligence.

The Army's own General Collins testified in October 1949 before the House Armed Services Committee that in future wars "there is not likely to be any close large-

scale amphibious operation of the type that we conducted in the past war."

In respect to such a large-scale invasion, General Bradley informed the committee that "frankly, the atomic bomb properly delivered almost precludes such a possibility."

Actually, all the authoritative elements in American public life, including those from the Pentagon, in the discussions which followed after the recall of General of the Army MacArthur, agreed for once—conceding that it was impossible for any forces at our disposal to physically invade China by land, with prospects of success. We simply did not have the manpower, nor could we efficiently transport all of the troops and materiel required, even if such manpower existed.

THE "BIG ARMY" ILLUSION

A huge army of conscripts would be desirable only if we anticipate a war with Mexico or Canada. For practical purposes they are useless as a defense agency against faraway nations, since it is impossible to visualize any foreign state bringing to our borders legions of men of sufficient strength and weight to require such a ground defense. The existence of this great military force is actually a burden upon the Nation. Their presence abroad in Europe represents only a leeching of American resources for no purpose.

In Asia we have no business with ground troops at all, for no possible long-ranged decision can be gained by us in this way.

OUR TECHNOLOGICAL SUPERIORITY

These boys should be where they belong, in school, or working at some productive occupation helpful to the American economy. The Engineering Manpower Commission has stated itself to be deeply concerned over the magnitude of the impending shortage of engineers and scientists, and its probable consequences to the national health, safety, and interest. When we break up the schooling of these boys in order to equip them with rifles and hand grenades, we are foregoing our major national advantage which derives from science, manual skill and our superb technical command over the forces of nature.

It is our great technology and science which will make this Nation safe against attack, and not immense masses of soldiers, who can be competed with on the battlefield by far greater masses of semibarbaric Asiatics and others. It is rather for us to take the fullest advantage of our technological superiority if this Nation is to receive its greatest guaranty of future security. Most of this, it appears to me, lies in the air and in our command over the air ocean which bathes all continents. Here lies our security, and in a morally strong America, capable of fulfilling the hopes of her citizens in their individual welfare and that of their families. If they have this to defend, instead of a crushing burden or debt, they may be relied on to defend it.

Mr. POTTER. Mr. President—

The PRESIDING OFFICER. The Chair recognizes the junior Senator from Michigan.

Mr. POTTER. Mr. President, it is my intention to support the Mutual Security Act.

We are authorizing in this bill an expenditure of \$3 billion plus. I do not wish at this time to reflect upon the past actions of the Congress. I should like to discuss the actions which were taken due to ill-advised or ill-conceived acts on the part of certain persons within the administration who sought to thwart the will of Congress.

I was interested this morning, Mr. President, when the distinguished junior Senator from Nevada [Mr. MALONE] mentioned the effect that a

man by the name of Harry Dexter White had upon our international affairs, particularly in relation to the Soviet Union and the extension of credit to the Soviet Union.

My remarks this afternoon deal with the effect which Harry Dexter White had in thwarting the will of the Congress by withholding credit or by inaction in dealing with the Nationalist Government of China, which inaction brought about the downfall and collapse of the economic structure of China.

Mr. President, ever since the disclosures last November concerning Harry Dexter White some have wondered if there was not more to this case that could be uncovered.

It will be recalled that Attorney General Brownell and FBI Director Hoover appeared before the Internal Security Committee of the Senate of which the able Senator from Indiana [Mr. JENNER] is chairman. Their testimony revealed that a number of FBI reports on White and various others who were regarded as subversive, or at least of questionable loyalty, had been prepared and disseminated to top Government people. Among the recipients were officials of Cabinet rank and the President. It was brought out that these reports, dated from November 1945 on, were not, to say the least, promptly acted upon.

At the time the reporting began, White was Assistant Secretary of the Treasury. Others in the same agency who were reported on included Virginius Frank Coe, Harold Glasser, and Solomon Adler.

Some light has been thrown on probable specific acts of Harry Dexter White. Mr. Brownell introduced in evidence photostats of espionage reports believed to be in the handwriting of White which were found among the so-called pumpkin papers. These are reproduced on pages 1120-27, part 16, of the committee hearings for that period, the fall of 1953. Toward the end of the year a report was published by the Subcommittee on Government Operations Abroad, of which my good friend, the Senator from South Dakota [Mr. MUNDT] is chairman. The subject of the report was the transfer to Soviet authorities of occupation currency plates in the spring of 1944.

The subcommittee found that the transfer cost the Government at least \$255 million. It found that pressures were brought to bear by a Communist spy ring in Government to accomplish the transfer, which were at least in part and perhaps primarily responsible for its occurrence. Testimony was recorded showing that White had primary jurisdiction over such matters; that he reported directly to the Secretary of the Treasury; that objections were raised by other Treasury officials to the transfer; that nevertheless the transfer was made, soon after a meeting which took place in the Secretary's office; that at this meeting there were in attendance White, the Soviet Ambassador Andrei Gromyko, and Alvin Hall, Director of the Bureau of Printing and Engraving. Hall was the official who, acting under orders, made the transfer, an act to which he had registered his own opposition, according to testimony he gave before the committee.

Mr. President, at this time I wish to bring to the attention of the Senate evidence which I believe involves Harry Dexter White in another case and an even more serious matter. It deals with the administration, or maladministration, of the war-time credit of \$500 million voted for China by Congress shortly after Pearl Harbor. In my opinion the evidence is highly convincing that White and his associates bear a major share, if not by far the largest share, of responsibility for the destruction of the Nationalist Government of China.

The basic material is readily available for all to see, and has been for some time past. It is contained in the so-called White book on China, issued by the State Department in 1949. When interpreted against the background of other easily documented material bearing on the financial situation of China, and the excellent reports of the Internal Security Committee, this story can only be termed as one of everlasting shame and disgrace in the record of our foreign relations.

The evidence starts on page 470 of the White paper. It extends through page 511. The table given on page 470 is quite revealing. For a quick bird's-eye view of the heart of the matter it will bear careful examination, although background material also should be considered. The table shows the schedule of delivery to China of this wartime credit. I ask unanimous consent, Mr. President, to have this table printed in the RECORD at this point in my remarks.

There being no objection, the table, with footnotes, was ordered to be printed in the RECORD, as follows:

Date of transfer and purpose	Amount (millions)
Apr. 1, 1942: Establishment of fund for redemption of United States dollar security issues.....	\$200
Feb. 1, 1943: Purchase of gold.....	¹ 20
Mar. 1, 1943: Purchase of banknotes and supplies.....	20
Oct. 13, 1944: Purchase of gold.....	² 20
May 22, 1945: Purchase of gold.....	60
June 22, 1945: Purchase of gold.....	60
July 18, 1945: Purchase of textiles..	10
July 27, 1945: Purchase of gold.....	60
Aug. 3, 1945: Purchase of banknotes..	35
Feb. 7, 1946: Purchase of textiles....	1.5
Mar. 13, 1946: Purchase of raw cotton.....	13.5
Total	500

¹ Of which \$10,500,000 actually shipped.

² Of which \$15,200,000 actually shipped.

Mr. POTTER. In the evaluation of this table there are two dates to be especially noted. One appears on page 470. It is February 7, 1942. On that day the authorization measure for this credit became law, as Public Law 442, 77th Congres, 2d session. A week later, Mr. President, on February 12, followed the appropriation measure, Public Law 452. The other date to be borne in mind is March 13, 1946. That was the day upon which delivery of the credit to China was finally completed.

In other words, the Congress appropriated the funds for this credit in February of 1942. The final delivery of the credit to China was made March 13, 1946.

So here is a picture of more than 4 years allowed to elapse in accomplish-

ing a transaction which Congress had directed in the knowledge and understanding that a serious emergency existed. More than 4 years of procrastination and obstruction in making the credit actually available for China's use. More than 4 years of objection, delay, and inaction during which the fiscal situation of China went from bad to worse to hopeless. More than 4 years of financial sabotage of a valiant ally in war at the end of which period the Chinese dollar was worth less than one one-hundredth of its Pearl Harbor value.

Mr. President, there was no mystery about China's precarious position when the Japs attacked Pearl Harbor and her consequent critical need for this aid. Any high school student of elementary economics could have grasped the situation. China had been at war for 10 years, or since 1931. That was the year of the Japanese invasion of Manchuria. For over 4 years, or since 1937, when the Japs attacked Shanghai, the Nationalist Government had been penned up far in the interior, cut off from practically all outside sources of supply.

Due to the lack of goods and the cost of the war, there had been extreme financial strain. Listen to these statistics supplied me by the Federal Reserve Bank and the Legislative Reference Service of the Library of Congress. Outstanding bank notes of the Chinese banking system in December 1941, 15 billion yuan or Chinese dollars, compared with only 1 billion 374 million yuan in May 1937. Holdings of gold and foreign exchange in December 1941, 100 million yuan, down from 149 million in May 1937. This meant a backing or cover for their notes of less than 1 percent in December 1941 against 12 percent in May 1937.

But most significant of all was the drop in the Chinese dollar. It had a par value of 33.3 cents American, that is three to the United States dollar. The market value in May 1937 was slightly under par, or 29.61 cents. In December 1941 the Chinese dollar was worth only 5.69 cents, or about 18 Chinese dollars to 1 United States dollar.

Mr. President, even a great and wealthy nation like our own faced an inflation problem in World War II. We had rationing, price control, savings bonds campaigns—yes, and black markets too. What about a comparatively weak and backward country like China? What must have been her position in 1941 after so many years of a bitter, costly, and losing conflict? The figures tell the story. The country was suffering serious inflation. The people were losing confidence in their government. The whole situation was near collapse.

A number of our public officials recognized the gravity of China's position at the time of Pearl Harbor. One of these was Mr. Stanley Hornbeck. He was then one of three advisors on political relations to the Secretary of State, Mr. Cordell Hull. The White book, at page 479, reports a meeting held in the State Department on January 30, 1942. Hornbeck feared a collapse of China before Congress could act. He is quoted as say-

ing: "If it were to take several weeks for Congress to act it would be too late."

One can only wonder what Mr. Hornbeck would have said if he knew that the credit, which Congress was to authorize in 1 week, would take over 4 years for China to obtain. The wonder is not that China collapsed, Mr. President. The wonder is that the country was able to hold out as long as she did in the face of the dastardly policy of denial of this wartime aid which the people of this country, acting through their Congress, intended she should have.

The fast action of Congress was in itself recognition of the serious plight of China. The language of House Report 1739, dated February 3, 1942, accompanying the resolution authorizing the credit, described the situation graphically. I quote as follows:

From the beginning of the vicious onslaught in 1937 by the Japanese armed forces upon China, the Chinese Government, the Chinese people and the Chinese armed forces have heroically and with great sacrifices resisted a ruthless invasion. The areas which Japan has succeeded in occupying have not been yielded until after the Chinese people with unbelievable sacrifice and fortitude stripped them of materials that might be of value to the enemy. China, cut off from communication with the outside world except by long and difficult routes, deprived of its great industrial, shipping and commercial centers, and denied the greater part of its normal sources of revenue, is continuing after almost 5 years a valiant fight against aggression * * * in essence this measure of financial assistance is intended to contribute toward the same strengthening within China of the structure of economic, financial, and production measures that is found necessary within the United States for the pursuit and winning of the war.

There was no doubt in the minds of these legislators that China was in dire peril.

Mr. President, there was even one official of the Treasury Department who recognized China's acute need. I refer to Mr. A. Manuel Fox, United States member of the Chinese Stabilization Board. This Board had been set up some time before when the United States engaged in an earlier program to help stabilize the Chinese currency, and with reasonable success. That, of course, was prior to Harry Dexter White's rise to his position of influence in the Treasury Department of the United States.

Mr. Fox sent a letter or dispatch from his headquarters in Chungking under date of January 3, 1942. This is found on page 472 of the White book. Fox said, among other things:

For some weeks prior to the outbreak of war, I have felt that a new loan to China was needed due to the extreme gravity of the internal economic situation here.

It was surely unfortunate for China, as well as for this individual, that his decease occurred a short time after the date of this dispatch. Information as to the passing of Mr. Fox I derived from testimony given before the Internal Security Committee in early 1952, and may be worth stating here.

At the time of this testimony the committee was under the chairmanship of the able senior Senator from Nevada

[Mr. McCARRAN]. The subject under investigation was the Institute of Pacific Relations. The witness was Mr. John Carter Vincent. Vincent was asked regarding his acquaintanceship with Solomon Adler. His reply, taken from page 1691 of the hearings for the period January 24 to 30, 1952, was:

I first met Adler in Chungking and that was in early 1942. It may have been late 1941. He came out as an assistant to Dr. Manuel Fox who died some months later, in the matter of administering our interest in the Chinese currency stabilization loan, I think, of about half a billion dollars.

How much of an obstacle Mr. Fox might have been to the carrying out of White's plans had he lived, can only be guessed. Fox was apparently a skilled economist of long Government service. He had been in the employ of the Tariff Commission, and for several years prior to serving in China had been a Commissioner. His removal, at least, did not handicap the White program.

Having digressed from this outline of Harry White and his relationship to the administration of the Chinese credit it might be well to recall a few facts about John Carter Vincent. On July 2, 1952, the Loyalty Review Board of the Civil Service Commission had found that there was "reasonable doubt" as to Vincent's loyalty. Vincent was released from State Department employment by Secretary Dulles on March 4, 1953 on grounds that he could not "usefully continue to serve" the Department. He had been, successively, Chief of the Division of Chinese Affairs and Director of the Office of Far Eastern Affairs in the period 1945-46.

In regard to Solomon Adler, Internal Security Committee reports show that he entered Government employ in 1934, although not then a citizen of the United States. He became naturalized in 1940. He became an employee of the Treasury Department on December 7, 1936, receiving assignment in 1942 to the vacancy on the Chinese Stabilization Board caused by the death of Manuel Fox.

According to the White Book material, it is clear Adler was on hand for meetings in this country having to do with the handling, or mishandling, of the \$500 million credit to China. With these exceptions he continued on duty in China to as late as October 1949. At that time the remnants of the Nationalist Government of China and Army were on the point of evacuating from the mainland to Formosa, or Taiwan. Adler resigned his Treasury job on May 11, 1950. Almost a record number of FBI reports on him, 17, were submitted to various Government authorities. The first was dated February 21, 1947, the last April 17, 1950. For the past 4 years he had been out of the country and unavailable for committee questioning.

Hence the set-up for handling the credit for China was, White in Washington, Adler in China. What a combination.

Mr. President, just one more reference to the critical situation in China at the time of Pearl Harbor. It goes beyond the financial. It goes to that element of highest regard in the oriental

mind—"face." The Chinese Finance Minister, Dr. Kung, stated it as clearly as he could have been expected to. This was in his letter or dispatch to Secretary of the Treasury Morgenthau. It is dated January 9, 1942, and is found on page 476 of the White Book. Dr. Kung said:

There are sound justifications for the loan on economic grounds and also from the standpoint of the joint military effort. Frankly, however, my reason for approaching you is political above all.

In other words, Dr. Kung said at that time that one of the major reasons for securing this loan was political—in other words, to save face for the Government of China.

In plain language Dr. Kung was telling us that the long and losing struggle which China had undergone had lowered the prestige of the Nationalist Government with the people. The loss of "face" had been serious. The money was needed badly, to be sure. But its importance was even greater than financial or economic. The morale of the people and their confidence in the government simply had to be restored. Recovery of "face" was supremely important.

So that was the picture in early 1942. A highly valuable ally of the United States was in a condition of near-bankruptcy and collapse. Prompt and generous action had been taken by the people of our country, acting through their Congress to afford early and effective aid. Loss of China to the other side could have meant prolongation of the war. It could have meant greatly increased losses of American lives.

All that was needed now was efficient, purposeful, and understanding action to carry out the mandate to provide the aid as enacted by the Congress. To patriotic public servants the opportunity presented was of exceptional challenge. But to public servants of a different stripe there was also an opportunity. A chance to sabotage and destroy, by the very simple method of inaction. Further extension of the ravages of the existing inflation would accomplish their diabolical purpose. All they had to do was to sit by with folded hands while the inflation spread.

Mr. President, how does the evidence tie Harry Dexter White into this picture of financial sabotage? He is tied in by reason of the responsibilities of the jobs which he held. He is tied in by reason of a specific delegation of powers derived from his top boss, the Secretary of the Treasury. He is tied in by definite, active participation in the administration of the loan, as shown by the White book.

On the 28th day of March 1938 the Treasury Department established a new activity called the Division of Monetary Research. On the same day Harry Dexter White was named Director of this Division. My authority for this and other information which I shall offer on governmental structure and personnel is the Congressional Directory for the period concerned.

The functions of the Division of Monetary Research were:

To provide information, economic analyses and recommendations for the use of the

Secretary to assist in the formulation and execution of the monetary and foreign financial policies of the Department.

In short, the Division of Monetary Research was the place where foreign financial policies were made. There is no other interpretation possible either from reading this language or from comparing the duties of this division with the duties of the other segments of the Treasury Department.

On the 15th day of December 1941, the Treasury Department issued an order over the signature of the Secretary. Its number was 43. It read:

On and after this date Mr. Harry D. White, assistant to the Secretary, will assume full responsibility for all matters with which the Treasury Department has to deal having a bearing on foreign relations.

This order is reproduced on page 29 of the Internal Security Committee Report dealing with interlocking subversion in Government departments, dated July 30, 1953. Could anything be more explicit and comprehensive than that? No one was to challenge Harry Dexter White's power in this field.

Note especially the date, Mr. President, just 8 days after Pearl Harbor. The earliest mention of financial aid to China in the White book, is dated December 30, 1941. The formal request came on January 9, 1942. The only obvious interpretation is that White knew how badly off China was. He knew that there would have to be a loan or credit from the United States. So he lost no time in making very sure that, when the operation was formalized, no one else but Harry Dexter White would be in charge of it. White knew exactly what he was about. His footwork was fast and sure.

This planning and scheming to keep control over foreign financial policy every step of the way was characteristic of the manner in which White and his group operated. For example, as indicated in Treasury Department Order 43, White had been named as Special Assistant to the Secretary. The date is not specified, but it was sometime in late 1941. In any Government agency or department it is looked upon as quite a job to be assistant to the top boss. When he got the appointment, did White give up his post as Director of the Division of Monetary Research? He did not. He held that position for more than 6 years, until the time he became Assistant Secretary, the No. 2 man in the Department, on November 28, 1944. He took no chances about having someone who had different views about saving China get into a position of influence.

And even in the rarified atmosphere of Assistant Secretary Harry Dexter White made certain of continued control over foreign financial affairs. The Congressional Directory of 1945 spells out his title as follows: "Assistant Secretary in Charge of Monetary Research and Foreign Funds Control." As if this were not enough, whom do we find stepping into White's shoes as Director of the Division of Monetary Research in November 1944? None other than Virginius Frank Coe.

According to information developed in the hearings of the Internal Security

Committee in the fall of 1953, Coe had a long record of Government employment. From 1934 to 1940 he was with the Treasury. During the following 5 years he flitted about among various important Government operations, frequently holding more than one job at a time. In 1940 he was Principal Economist for the Advisory Commission to the Council on National Defense. Then he returned to the Treasury as Assistant Director of the Division of Monetary Research. Between June and December 1941 he was special assistant to Ambassador Winant in London.

From November 1941 to June 1942, Coe was Executive Secretary, Joint War Production Committee of the United States and Canada. From February 1942 to June 1943 he was assistant to the Executive Director, Board of Economic Warfare. From June 1943 to November 1943, he was assistant to Director, Office of Economic Warfare. From November 1943 to February 1945, he was Assistant Administrator, Foreign Economic Administration, the agency which ran lend-lease program.

After replacing White as Director of Monetary Research in the Treasury, Coe, in June 1946, moved up to join the staff of the International Monetary Fund, and held the job of Secretary of that organization at the time of his resignation in December 1952. The last job paid \$20,000 a year. Beginning in May 1947 and continuing to November 1952, the FBI, according to information given the Internal Security Subcommittee, sent nine reports on Coe to various Government officials.

In his appearance before the committee, Coe refused to answer all questions as to whether he was a Communist, whether he had engaged in subversive activities, and whether even then, in mid-1952, he was engaged in subversive activities. Coe also refused to tell the Mundt committee, investigating the transfer of occupation currency plates to the Soviet, whether or not he was a Communist.

Here was a man who had held all these important positions dealing with our foreign financial policy, and who refused, in the latter part of 1952, to tell the committee whether or not he was a member of the Communist Party.

Still tighter grip over foreign financial matters was exercised by Harry Dexter White through the individual appointed to act as Assistant Director of the Division of Monetary Research, Harold Glasser. With the exception of the period in 1940-41, when Coe held this post, Glasser was Assistant Director from the time the Division was set up in 1938 until late 1946 or early 1947. The Division was scrapped sometime after that date. After all, it had served the purpose.

Harold Glasser, in appearances before the Internal Security and Government Operations Abroad Committees, invoked the fifth amendment rather than answer questions about espionage and subversive activities. Between April 3, 1941, and September 4, 1947, according to the information given by the Department of Justice to the Internal Security Com-

mittee, 14 FBI reports were disseminated on Mr. Glasser.

No privately organized holding company ever had more certain and unquestioned command and control over the activities of its organization and branches than did Harry White and his group over the foreign financial policies of the United States during the years of World War II, and even after. Against such ironclad control China did not have a chance.

Mr. President, perhaps the strongest evidence testifying to White's responsibility in the handling of the credit for China comes from the people who had to deal with him. On pages 485-486 of the White book is found the text of a letter or dispatch dated July 8, 1943, from Dr. H. H. Kung, Finance Minister of Nationalist China. It is not indicated to whom the dispatch was addressed. But from material appearing before and after the text of this message, and based on apparent omissions from the White Book, it is my deduction that the Kung statement was sent to the President of the United States. In any event Dr. Kung was quoted as saying, among other things:

We always appreciate and welcome suggestions and advices from Secretary Morgenthau and Dr. White.

Kung went on to say, in so many words, that Morgenthau and White did not understand the actual conditions in China and urged that early action be taken to transfer the badly needed credit.

Clearly, then, there had been direct contacts—perhaps many of them—between White and the Chinese over the preceding 17 months since the credit was authorized. They were of such a nature that Dr. Kung obviously was impressed by the importance of Harry Dexter White's influence.

The White book contains accounts of 3 meetings held to discuss matters in connection with the \$500 million credit. The White group was represented at each one. White attended the first two meetings in person. At the second meeting he was accompanied by Adler. The third was attended by Adler and Coe. Accounts of these meetings are given on pages 478, 502, and 505 of the White book. If anyone hearing or reading this presentation doubts the importance of the participation of Harry Dexter White in this tragic affair, he should read and evaluate the account of the second meeting, held on October 2, 1944.

That meeting was held against a background highly discouraging to the Chinese. Their dollar had dropped from the Pearl Harbor level of about 18 to the United States dollar to more than 200 to the United States dollar. To fight the inflationary trend, the Chinese had repeatedly requested during the 2½ years since Pearl Harbor that the credit be transferred to them in gold. This form of transfer was an orthodox means of settling international accounts. It was especially logical that they should desire it, as I will show in a moment.

But in all this period Treasury had shipped only a comparatively trifling sum of \$10.5 million gold. True, there had been a transfer of a different type.

China had sold an issue of internal bonds in the spring of 1941 and made them payable in United States dollars, for reasons which I have not been able to learn. The amount was \$200 million. In April 1942 Treasury had allowed China to earmark \$200 million against this obligation. But it really was of little aid to China in coping with the inflation. What China needed to do was to pump new values into her banking system, preferably gold, either to cover or to retire some of the huge note issues. The piddling amount of gold the Treasury had shipped was wholly inadequate to deal with the problem, which, of course, was getting worse with every passing month.

So impoverished China had come to beg its powerful and wealthy ally, the United States, to make good on its pledges, lest China go under.

The meeting was held in White's office. Present were 3 Treasury representatives, 2 of whom were White and Adler. Three Chinese Government representatives were in attendance; Mr. T. V. Soong, Chinese Minister for Foreign Affairs, and two others.

White dominated the meeting, with occasional assists from Adler, who apparently had been recalled to Washington to attend this meeting. White freely criticized the Chinese for the lack of results shown by the stabilization efforts that had been made. Such criticism of course was unwarranted. Nearly 15 months earlier Dr. Kung, in his letter of July 8, 1943, had made plain how serious was the Chinese budget position for 1943 and urged immediate purposeful action. And this was 1944.

Kung had shown that the normal budget was out of balance by 13 billion yuan. But this deficit had been swollen to 43 billion yuan by reason of expenditures China had made on roads, buildings, and airports for United States Air Force use. This account had not been settled. A deficit of 43 billion yuan was the equivalent of about \$170 million United States gold. Obviously the \$10.5 million gold which had been allowed to China up to that date could have made little impression.

White criticized the Chinese for the fact that gold was selling in the black market for a higher price, that is, more yuan to the ounce, than the government selling price. That is, speculators were entering the market. This criticism was also unreasonable. With the very limited amount of gold available, and only occasional sales by the government possible, it would be entirely natural that, following some government sale, the price of gold had gone higher in the black market.

The Chinese answer to White was the only natural one, that if larger quantities of gold had been made available better results could have been shown. But it fell on deaf ears. After all, White knew the answers. He knew enough about finance to realize full well why the stabilization effort had failed. His policies had made failure inevitable. But this was a fine chance to give the Chinese a dressing down. And he had no intention of shipping any appreciable amount of gold if he could help it.

Listen to this suggestion the White book account states that he made—

He pointed out that China's gold would be an enormous asset to her after the war.

After the war, he said. When would that be? White did not know. But he knew that China was weakening rapidly from an inflation that had lasted over 7 years. He knew that if continued the probable result would be destruction of the economic and social fabric of the country and the collapse of the Nationalist Government of China. He knew it then. He had known it for months. And he shaped all his plans to that end.

One more quotation:

Mr. White pointed out that it was cheaper for the Central Government to print more fapi than to absorb fapi in exchange for gold at a time when the dent being made by the sale of gold was not significantly large.

As I understand it, fapi, Mr. President, is the name given to Chinese banknotes. So here is White telling the Chinese, in effect, that the way to control inflation is to feed it, to issue more banknotes.

Mr. President, the Chinese inflation could have been stopped, or at least greatly slowed down. Even in 1944 it could have been done. It would not have been necessary to ship great quantities of gold all at once. Regular shipments of say \$20 million a month maintained over a period of time, to demonstrate good faith, would have had a powerful effect, in my opinion. But there was only bad faith being demonstrated. And the Chinese must have sensed it, probably long before October 1944.

To me, not the least depressing feature of this meeting, as reported in the White book, was the utter disregard for any considerations of protocol. To the Chinese, of all people, what must have been the implications? Here was the Chinese Secretary of State, rating on a level with our Secretary of State, the highest post in the executive branch, below the White House, being received by a little division chief in the Department of the Treasury. At that time White was still to acquire his Assistant Secretaryship. Apart from the unjustified criticism to which the Chinese must have known they were being subjected, what must have been their feelings of humiliation and insult at being received in this manner by the great and powerful Government of the United States? It must have seemed unthinkable to them that their traditional friend and their ally in a bitter and costly war could be so heartless and inconsiderate.

Mr. President, I have referred to the failure of the Treasury officials to honor China's request for transfer of the credit in gold. The shipment of gold is a common means of making international transfers. There are only two others, in fact; shipment of goods, and purchase of services, such as the spending by tourists. Obviously the only American tourists in China at the time were our men in uniform, and they were not there for pleasure travel.

As for shipment of goods or supplies, this was clearly out. The only way

China could be reached was by air. And this method of transport was largely devoted to the supply of our military. The White book clearly so admits. Let me quote from page 27:

A very large proportion of the supplies flown into China during this period (1942-44) was destined for the United States military forces in China.

Congress in the legislation of nearly 3 years before had recognized that China could not be benefited by lend-lease aid. The House Report No. 1739 described the \$500 million credit as "the financial counterpart of lend-leasing war materials."

So it was either gold or nothing. When the Treasury refused gold they, in effect, chose nothing.

After the October 1944 meeting, the Chinese, while they kept on trying, must have known that the game was up. Treasury made another gesture, shipping \$15.2 million gold in mid-October. But nothing happened on the request for \$200 million China had been asking for ever since the summer of 1943 and probably even before. Seven months later, in May 1945, the State Department took a hand. In a letter to Secretary Morgenthau, Under Secretary of State Joseph C. Grew, in effect, ordered Treasury to ship China "about \$190 million gold from the unused balance of the \$500 million credit approved by Congress in January 1942."

This letter is reproduced on page 507 of the White book.

But it was too late. Inflation was now too far advanced. The Chinese had got the point. The long succession of refusals, objections, and delays spoke a language that any informed Chinese civilian or military leader, banker, or businessman could interpret. The United States Government was not concerned about the survival of the Chinese Nationalist Government. That had been made all too plain. Certainly, moreover, if such treatment could be accorded in time of war when the two countries were allies, what could be expected after the war was over?

In April 1945 the Chinese dollar was worth 700 to 1 United States dollar; in December 1945, 1,140 to 1; in March 1946, 2,020 to 1; in August 1946, 3,350 to 1; and in February 1947, 12,000 to 1 United States dollar. Imagine that runaway inflation; and we stood by and fanned the flames. The White group had done their work well. The end was in sight for Nationalist China.

Mr. President, I referred earlier to the failure of the War Department to settle promptly their accounts with China, thus adding to the strain on the country's fiscal position. These accounts had arisen as a result of Chinese construction of roads, buildings, and airfields for the use of our military stationed there. Also the military had bought certain supplies locally, such as fresh foods. The War Department refused to recognize the official rate of exchange which China was trying so hard to protect. Our War Department demanded black market rates, and, as a means of exerting pressure, kept putting off settlement of the amounts due. Correspondence on this

matter will be found on pages 496 to 502 of the White book.

Even though the names of Harry White or others of his group in the Treasury do not appear, there is reason to think that they had something to do even with this form of financial sabotage. Let me refer again to the Internal Security Committee report of July 30, 1953. On page 29 there is a reproduction of a document claimed to have been sent to White by Secretary Morgenthau on February 25, 1943. I quote as follows:

Effective this date I would like you—

Meaning White—

to take supervision over and assume full responsibility for Treasury's participation in all economic and financial matters * * * in connection with the operations of the Army and Navy and the civilian affairs in the foreign areas in which our Armed Forces are operating or are likely to operate.

In other words, he not only was controlling our civilian fiscal policy, but he was also controlling the operation of the fiscal policy of the Department of Defense. There is no doubt that his efforts in that capacity delayed or postponed the payment to China of the funds we owed China for her services to us during the war. This was part of the overall program to fan the flames of inflation and to destroy the economy and the government of Nationalist China.

This evidence suggests that at the same time that the Treasury Department, through White and his group, was holding back the promised credit which was badly needed by China to stave off the pressures of inflation, those pressures were actually being added to by War Department policies of withholding settlement that was due, for which policies White also seems to have had responsibility. Again I say, Mr. President, it is a wonder China held out as long as she did. Against this type of financial sabotage, how could she win? And if China had come to terms with the Japs, who can say how many more American lives would have been lost on Pacific beaches?

Mr. President, if we had treated our other allies as we did China, we would have lost World War II. According to figures furnished me by the Legislative Reference Service of the Library of Congress, we supplied the United Kingdom with wartime aid of \$28.6 billion; and the Soviet Union with \$10.7 billion. Total lend-lease grants during the war period came to about \$48.1 billion, and credits of \$1 billion, making an overall total, for the war years alone, of \$49,212,892,000.

Our aid was not supplied in a sporadic, halting fashion, with long periods of inaction intervening. It moved out on an expanding and increasingly lavish scale. In 1943, for example, shipments to the Soviet Union were more than twice as large as in 1942, or \$2.9 billion versus \$1.3 billion. That shows the difference between our method of making shipments to the Soviet Union, and our method of making shipments to the Nationalist Government of China. In 1944 the volume was stepped up again, amounting to \$3.4 billion, or 2½ times

the 1942 level. Incidentally, the amount supplied to the Soviets in 1942 alone—\$1.3 billion was nearly 3 times the total wartime aid furnished China, or \$485 million.

It was the same story with Great Britain. Shipments, in 1943, of \$4.2 billion, were over twice the 1942 volume, of \$2 billion. In 1944, Britain received \$5 billion, more than 10 times the total wartime aid supplied to China. While I am not familiar with the manner in which the lend-lease program was carried on and the relationships between our country and those who benefited in this substantial manner, I very much doubt that these grants were accompanied by insults or lectures, or the stipulation of various conditions, as was done in our relationships with Nationalist China.

Certainly if there had been any of the type of palaver, procrastination, objections, obstructionism, or chicanery evidenced in the processing of China's requests, it would not have been possible to move the enormous quantities of goods that the figures show were sent.

Mr. President, I ask unanimous consent to have printed in the RECORD, at this point in my remarks, a table showing lend-lease shipments for each of the years 1942 to 1945, inclusive, to the United Kingdom and to Soviet Russia, as contrasted with total aid made available to China during the same years, as set forth in the White book.

The PRESIDING OFFICER (Mr. BARRETT in the chair). Is there objection?

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Year	United Kingdom	Soviet Russia	China
1942.....	\$2,034,707,017	\$1,358,180,922	\$200,000,000
1943.....	4,285,555,543	2,965,929,737	40,000,000
1944.....	5,092,311,684	3,443,389,730	20,000,000
1945.....	1,895,207,795	1,781,569,997	225,000,000
Total...	13,123,158,671	9,549,070,386	485,000,000

Mr. POTTER. Mr. President, in appraising this table I wish again to have it emphasized that the \$13 billion plus of aid to the United Kingdom and the \$9.5 billion to the Soviet Union were in the form of materials and equipment for the use of their military forces and civilian populations. In the case of China, after deducting the \$200-million earmark set aside to meet future bond maturities, the total remaining aid came to less than \$300 million. Of this amount, only the \$205,700,000 of gold shipments really afforded any needed help to her in fighting the ravaging inflation, and all but about \$27 million of the \$205 million was held back over 3 years.

Mr. President, one brief postscript: At the same time, in early 1942, that we were asked for \$500 million, Britain was asked by the Chinese Government for \$400 million. As in connection with the request made from us, China emphasized the "political" need for the aid. Britain authorized £50 million, or about \$200 million. As of mid-1945, only about £10 million, or \$40 million, had been supplied. This information was sup-

plied me by the British Information Service.

It must have seemed to China that she did not have a friend in the world, as, indeed, she did not, when the chips were down. A little planning, a little cooperation, a little understanding, a little effort could have saved China from the disaster which overtook her. Certainly none of these qualities were manifest in the policies of our Government, because the policies were made by those whose purpose and planning was to destroy, not to save.

Mr. President, I have not, of course, attempted to present the entire China story. I have offered evidence of what I believe to be the most important single factor contributing to China's destruction, and regarding those who must bear this responsibility. A great deal has been said and written about the postwar period in our relationships with China. There is considerable "white book" material bearing upon that subject also, and casting new light on the validity of various claims made of extravagant postwar aid supplied by this country.

Some may feel that postwar aid might have done some good if properly handled. I believe that nothing could have saved Nationalist China after V-J Day. She was a hollow shell, her Government bankrupt, her people bankrupt. The people had lost faith in themselves largely because of the bad faith that we had demonstrated toward them during the war. And they had no one else to whom to turn.

Not the least damaging of the effects of the inflation in China had been the breaking down of moral standards. When the value of the money of a people is wiped out, other values are impaired also. Fixed-income groups are particularly hard hit. These include, of course, employees in the civil and military services. When a man cannot obtain the necessities of life for himself and his family in legitimate ways, the temptations are strong, if not irresistible, to engage in other means to do so. Speculation, black marketing, and acceptance of gratuities for services performed constitute some of such means.

It will be recalled that during the mid-1940's, and even up to recently, a barrage of criticism has gone up in attacking the Chiang Kai-shek Government as graft ridden, corrupt, and unworthy to stand. I have no doubt that there was some corruption and graft. The conditions arising from the terrible inflation made it inevitable.

The point is that this criticism helped to poison American opinion against China and thus render postwar aid efforts less effective than they might have been.

So the effects of the White policies were far reaching. By means of standing aside while the inflation grew worse and worse he and his group destroyed the country's finances and economy. This, with the inevitable loss of face by the Nationalist Government led to a breakdown in moral standards. That in turn provided the ammunition with which to attack and discredit the Chiang

Kai-shek Government. Such attacks weakened the will and palsied the effort of our own people directed toward trying to salvage the situation.

One can only wonder whether in the history of relationships between honorable and civilized nations there could ever have been another example of deceitful, treacherous, and destructive policies deliberately pursued by one nation against another such as that to which we were made a party under the machinations of Harry Dexter White and his associates.

Mr. MARTIN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MARTIN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JOHNSTON of South Carolina. Mr. President, it has been my consistent policy to oppose the so-called foreign aid bills. I am opposed to the present bill now before the Senate. Many reasons occur to me which fully satisfy my conscience and fortify my judgment in this decision.

I should like to invite the attention of Senators to the fact that at the present time we owe approximately \$275 billion, almost exactly twice what all the other nations of the world owe. Let that sink in. By giving away this amount of money today we are increasing our bonded indebtedness. We shall have to pay back not only the principal but the interest.

I shall not detain the Senate too long. I must, however, urge some of the objections which I have to the pending measure. To me they are quite fundamental. I will elaborate on a few of them. A fuller exploration of all of my objections and the convincing reasons, which seem so apparent to me, would require more time, I fear, than my physical endurance would permit.

In the closing days of this session of the Congress we are again asked to continue our squandering of the Nation's substance in what appears or should be obvious as a futile and hopeless enterprise.

Over 2,000 years ago when the Roman Empire was at the height of its greatness in power and influence, amidst intrigue and the insidious wormings from within, a great Roman senator arose from his seat and his bursts of oratory still ring with history's most immortal challenges. His was a clarion call to duty in the face of open and clear danger. Let me paraphrase the thought and part of the words of Cicero in his first oration against Catiline: "Oh, executive branch of our government, how long will you abuse our patience?"

I do not profess to know the precise answers or any definite answer to the problems in our foreign affairs. From what we have done and what I have been able to read, apparently no one knows the answers. One thing, however, is certain. It ought by now to be clear to all

of us. The giving away of our material substance, year by year, has been no answer. UNRRA, the Marshall plan, mutual assistance, mutual defense, point 4, and now mutual security have afforded none of the relief we have sought. We seem to have less security and practically no mutuality at all now. We strengthen some of our softhearted allies and make them richer bait for a quicker absorption by the Communists.

Some days ago I expressed my remorse over present world conditions that have plagued and still plague the free and near-free peoples of the earth.

In round numbers, at the close of World War II, the Russians had under their domination about 200 million subjects. A political party of less than 100,000 persons controlled the destiny of 200 million people. The Politburo of less than 30 members of the 100,000 dominate the lives and fortunes of 200 million humans.

When I learned years ago that we had given Russia over \$10 billion of lend-lease aid—think of it—\$10 billion—my disillusionment over world conditions commenced. Oh, what is \$10 billion? It is exactly ten thousand million dollars, an incredible amount of lend-lease aid we have bestowed upon the world's greatest detractors. We know that not a single American officer or civilian official of the United States was permitted to inspect the use or disposition of our largesse. That fact has always pricked my curiosity. Through the years my constant suspicion of Russia has continued unabated. When the very national existence of Russia was at stake and the lives of its rulers—Stalin and Co.—were in jeopardy—when the on-rushing forces of Hitler were knocking at Moscow's front gate, were our officers permitted to see how our aid was functioning for the Russians? Were we permitted to learn whether that which we were sacrificing for them was helpful or in turn would be helpful to us? Not once, I am told, could we inspect and see for ourselves whether the sacrifices we were making were justified, or whether they were made in vain. Such conduct on the part of an ally, so-called, raised in my mind question marks which cannot be erased. When allied with her in a death struggle against a common foe, Russia required us to deal at arm's length and often in the dark.

After the close of World War II, Russia received UNRRA assistance from us to the extent of \$426 million.

What has been the history for the last 9 years? Without the loss of a single combat soldier from Russia and without the firing of a single shot in the short space of 9 years, she now controls the destiny of 800 million people. Russia has accomplished all of this despite our tremendous aid and sacrifices. The recent collapse of the French in Indochina means the loss of an additional 13 million more helpless humans to the Russian or Communist system of tyranny. There is no way of ever ascertaining the material loss. The loss in face and psychology is incalculable.

I predict that they will move on to other fields. If we intend to fight them,

we will have to fight Russia, not buy some weak-kneed, so-called allies.

What we most need in this country, not tomorrow, not next week or next year or in years to come, but now, right now, this very moment—and here is the place to start it—is some new thinking on the problems that face us and the free world. Old methods have produced no favorable results. Year by year and almost month by month we have lost in the struggle to keep men free. Money grants, loans, credits, gifts, materials, either for economic recovery or military defense, from my point do not afford the answer.

We have a new head to the program, but the new head has produced no new thinking. As a matter of fact, I intend to prove that part of Mr. Stassen's thinking is fuzzier than even Mr. Harriman's was. I intend to prove before I conclude that a bad situation has become worse. If our foreign affairs are bipartisan as they rightfully should be, then my criticism of our past actions can take on no partisan flavor now. The folly proposed by the present Administrator in the present bill, H. R. 9678, is no better than the folly of his predecessor. The main-springs of thinking are the same. Only here and there, in the empire of our foreign-aid program, have the personnel and policies changed. A mere change at the top brings in a new flavor, a new gimmick, here and there, but the same old principles of attempting to curry favor and with grants and loans as the bases of enduring international friendships remain the same.

When I reflect upon the absurdities of our national policies in these foreign-aid programs since December 7, 1941, almost in their entirety, and when I contemplate that the present administration proposes to continue them, it is difficult to stomach the internal convulsions and revoltings that come over me. First, lend-lease, Teheran, Yalta, Potsdam, and since then these yearly handouts of billions of dollars, wrung from the backs of the American people to preserve a status quo after the war which has in fact not been preserved at all, but instead a condition results which has grown worse each succeeding year. I wonder when we will be shocked into a sense of a practical view of what we have done and are now asked to do. Recalling the mistakes of the past helps us only if they may guide our future.

Let me point up an original mistake by one simple illustration. Where by all the rules of the game, we could and should have taken Austria, part of Czechoslovakia, and all of Berlin, our forces were commanded to stop at the Elbe and await for days until the Russians moving westward could come in and take the city. Berlin thereafter was divided into four parts with a Russian ring of land around it. So the British, French, and American divisions of Berlin have no right-of-way by land to their sectors. There is not a humble American farmer in the whole United States who would take in a trade a spring on another's land without some means of getting to or from it. Some right-of-way, if you please, would have been his insistence in such a deal. In

none of the memoirs I have read and in none of the explanations by those living and present in those councils have there appeared the slightest justification for their neglect, of their lack of this simple bit of ordinary foresight. Where was the President at that time? What forces was he leading?

We would reproach any man of ordinary affairs who would commit a like blunder in a simple business transaction. Had we been on guard, as we should have been and had we learned the lessons from the lack of cooperation from Russia during the time of actual conflict which we should have learned, we would have been on guard. No amount now of fancy words, doubletalk, diplomatic, or argumentative, is going to make me forget these blunders.

By the same token, no amount of persuasion now is going to make me continue these blunders by supporting this kind of a bill. When Nationalist China was double-crossed by us in concert with Russia and Great Britain and when the Reds began to assume control of the mainland of China, we seemed to have formulated no worthwhile policy. Can we not look ahead and formulate some policies—even alternative—in anticipation of changing world conditions? We were confronted with the nauseating statement, "We will wait till the dust settles." Well, Senators, the dust is settling and more is yet to settle. It settled in Korea to the extent of billions of our dollars and 140,000 American casualties. I shall not forget the million or more noble Koreans who were sacrificed as a part of our folly. It is settling in Indochina where we have poured in over \$3½ billion in money, equipment, and materiel of all kinds and with the resulting loss of 13 million people. How much of our goods, guns, and equipment the Communists took over as the result of the recent Geneva Conference is anyone's guess. No one will ever definitely know; and apparently the French do not care, for by a vote of 462 to 13 the Premier's sell-out to the Communists was approved by the French Parliament. What a tragedy.

Foreign aid—gifts and grants—has an appeal to my sense of idealism. It makes a great dent in my sense of Christian charity and duty. It is repulsive, to say the least, to my common sense when viewed in the light that it may win us strong, abiding friends whom we can count upon if we become imperiled. I have no illusion or delusion any more that by the immediate hope we could, if we desired, change the Buddhist, the Hindu, the Mohammedan, or others from their faiths to ours. Hence, with Christian charity owing its first obligation at home, I shall be content in my faith that charity should continue to begin at home.

Several years ago—I think in 1945—at Fulton, Mo., the great Churchill—half American, but wholly English in his devotion to what he thinks is best for the British and I admire him all the more for outspoken loyalty to his own Government—gave the world a phrase which we all know separates us from the totalitarian imperialism of Russian commu-

nism. He called it Iron Curtain. I fear for one with all his brilliance of intellect, the charm of his beautiful diction and the persuasive force of his incomparable oratory, he will be unable to sell the American people on his new magic—"coexistence." We will coexist to the point we are unable to resist further, and then we will be submerged and forever destroyed. Let no one make any mistake about that. Our fate and the fate of England as we have known England—the England of power and influence—not always used for good but in the main for the enlightenment of mankind—are as surely sealed as the night follows the day. Should we have any faith in coexistence?

I wonder what has come over Mr. Churchill to work such a change in his outlook. Trade for aid. Shall we slip trade around, under, and over the Iron Curtain? Shall we trade an uneasy, weary existence now for a temporary sort of peace called coexistence? A temporary cessation is a trade for non-existence. If our policymakers do not see it now, when will they ever? How long are we to follow a trend that has cost us so much in heavy taxation and so much in manpower and still so much potential of manpower in an area of the world which could have been on our side? Must we appease our friends and foes alike? And for how long will this shaky state of foreign affairs exist?

Mr. President, I could go on and on and on. I fear it will avail little, yet the recent vote in the House on this bill shows that the past policies being put into effect are beginning to be felt more and more by our people at the grassroots. Our people are beginning to assert themselves in protest.

I am glad of one thing, Mr. President. I shall never have to talk out of both corners of my mouth in explaining to the electorate of South Carolina why I voted to spend billions of American dollars in a fruitless campaign against communism. Each year I have been here it has been the Communist threat. One crisis succeeds another. This year is worse than the last, say the spenders, which was worse than the former. And so the merry-go-round keeps going round and round. Billions upon billions wasted, with the result that each year sees us further from security, more involved and winds up finding us having fewer friends, having to watch not only our known enemies but even to scrutinize the motives of our former friends. Mark my word, Mr. President, the day is sure to come when the American people, the great body of our people will awaken to the fallacies and foibles of this program, led on by the internationally minded press, the pseudoliberal writers, and commentators, the pinks and near-Reds, and those large concerns here in America which are harvesting the profits of the prodigality and senselessness of these programs. There will be a change-over of personnel in this body, too.

The day is coming. You can fool all the people some of the time, some of the people all of the time, but you cannot fool the majority of the people forever. Just let the American people who are

footing these enormous bills awaken to the fact that another war, a real war, if you please, is just around the corner, where the executive branch is taking us, and that the billions we spent have been spent in a hopelessly lost cause. Mr. President, you will then see the indignation of America, politically aroused, as never before. I shall not be caught in those reprisals. Let the dust of these political errors fall in the eyes of those here partly responsible for them. Shall we permit unborn Americans to be burdened for generations to come with this tremendous outpouring of our material substance? It is beyond my comprehension for us to continue. Why our children's children should be shackled with the debts we have created for them in the profligate waste scattered abroad baffles my sense of justice to them.

Before I close these preliminary observations and begin a bill of particulars I wonder, as I read this bill and its predecessors, whether those responsible for the treasonable coinage of the base deception—Agrarian Reformers—in an effort to distinguish the Chinese Reds from the Russians are still calling the shots, naming the plays and preparing the psalm and policies now being fostered. We hear and read so much about a change in our policy, a change in thinking and planning and acting. Who is so naive as to believe that policy is determined in all of its phases at the top levels? Policy and direction must of necessity be based upon investigation, analysis, and conclusions reached even in the lowest of the echelons of authority. Until the manner of thinking there is purified in strains of what is best for the United States of America, how can those charged with direction do other than pursue the plans formulated for them in the lower brackets?

"Agrarian Reformers" presupposed a leadership arising with the people's interest at heart to replace an alleged defunct and corrupt leadership of Nationalist China. The leaders, called Agrarian Reformers, were Moscow-educated, Moscow-trained, Moscow-indoctrinated, and are now as then Moscow-directed. The slightest investigation by those in our Foreign Service and foreign undertakings would have revealed as much. No one can justify official corruption by some among the Chinese Nationalists. By the same token, the casting aside of all Nationalist Chinese leaders because of the misdeeds of a few has become to us a national disaster of the greatest and most significant proportions. Only a slight knowledge of the official misconduct of some in our own Government would reveal that corruption can and often exists here. We have not been free of it. We shall not be free of it in the future. Human behavior in many respects is the same the world over. In our time we have witnessed the oil scandals in the early twenties, the sales of public offices, the RFC scandals, the Internal Revenue frauds, and now the revealing scandals attendant upon our housing programs. So to divert our attention from the real purpose of our changes in policy in relation to Nationalist China, many of our good people

were deluded into the notion that the present Communist leaders were eager for a reform in the land policy of China. Our salesmen of that program, knowingly or unknowingly, have rendered us a disservice, as to which only time may spell the enormity of the real loss and the dire effect upon our destiny.

In what I have said and am about to say, I do not expect to incur anything but the further wrath of the internationalist-minded press, the international bankers, their stooges among the pinko writers, and those who profit from the sale of war materials abroad. I can take their ridicule and abuse, and the good people of South Carolina will not misunderstand me in revealing it.

For a long time I have read with considerable dismay official leaks of our national intentions appearing in the columns of several so-called national and internationalist writers. Every so often trial balloons are sent up by them. Every so often our international policies, in some respects classified so that we in the Congress may not know of them in advance, appear in their columns as possibilities; some later become realities, become realities too late for the policymakers—the Congress—to rectify. They become fait accompli before Congress can even review them.

I shall digress for a moment to give just one illustration. I know the build-up afforded by previous administrations to the Alsop brothers. Channels of information not afforded other columnists have been open to them. Those same channels and pipelines have remained open during this administration. The recent Stevens-McCarthy hearings demonstrated that the Alsop brothers were among a select few of writers this administration called in, so that slanted views might appear in the internationalist press which features their articles. In all their writings I have detected little, if anything, said in praise of the work of Martin Dies, John Wood, or Harold Velde of the House of Representatives. Nothing but slanted criticism and harsh words appear for the Senator from Nevada [Mr. McCARRAN], the Senator from Indiana [Mr. JENNER], and others in this body, in their efforts to free America of the evils of Communists here or of communism abroad. I recall that by some fortuitous circumstance, or could it have been by a quick trick or by design, one of these brothers accompanied Mr. Wallace on his mission abroad and into China. We are too familiar with all the attendant results that followed that disastrous mission. He was, according to his testimony, ordered to accompany that mission. Think of it: Of all the thousands of our officers in Burma and the Pacific area, this particular officer got the orders. Could that be, at least, a part of a continuing pattern to separate us from our historical friend and ally, Nationalist China? Those of us in the Congress who are dedicated to fighting communism are sickened beyond measure to behold this pattern of malicious attack against those who would track down subversives in Government.

Mr. President, I have on my desk some of the bound volumes of the Atlantic

Monthly. Let me read for you what Stewart Alsop said a few years ago. Let us look at page 594 of volume 167. These views are enough to alarm us. This should be enough to cause us to view with suspicion and alarm the subterranean channels through which the Alsop brothers are now fed with official trial balloons in news stories leaked to them. Let me read a portion of Mr. Stewart Alsop's testimonial to the Marxist philosophy:

WANTED: A FAITH TO FIGHT FOR

(By Stewart Alsop)

A couple of years ago, I felt a good deal like the proverbial Frenchwoman who was surprised to discover that no one else was right absolutely all the time except herself.

I was, like many thousands of my years and bent, that curious hybrid, a Marxian liberal. Marxian, or the brand of Marxism which filters down through a liberal education, the kind which is bandied about after a second cocktail, dominated my political thinking. It was the supreme logic of Marxism which made everything in contemporary history so luminously clear to me, and I think, to thousands of others of my kind. That is one of the beauties of Marxism, even the diluted Marxism which characterizes the thinking of the Marxist liberals. For it's a magic touchstone, a bright and lovely mirror which reflects the truth, the whole truth and nothing but the truth. It does your thinking for you. Hundreds of thousands of intelligent people in this country have had a certain secret, almost unconscious sympathy with the Marxist idea, many thousands more than ever thought of carrying a CP card, more than seven Dies committees with seven mops would sweep up in a hundred years. Indeed, the real cowardice and un-Americanism still seem to me to be those who could look upon the America of 1933 and fail to look for an alternative. Be that as it may, many people, and especially many young people, sought the alternative and found it, if not in communism, at least in an approximation of Marxism.

And how infinitely comforting this do-nothing radicalism, this ruddy glow of the dining room and the cocktail party, has been. Although he may lack something of the evangelical fervor, the easy Christian-martyr spirit of the bred-in-the-bone Stalin-worshipping Communist, the Marxist liberal has known the pleasures of righteous conviction, of doubts stilled, of certainty in an uncertain world. * * *

There was one power and one power only with the courage, the morality, the virtue, to oppose aggression and injustice with deeds, not merely words—and that was the Soviet Union.

Have any of the bleeding hearts whose scatterbrained efforts fill the pages of nearly all the metropolitan press extended themselves to condemn the recent catastrophe at Geneva? This to my view has been the free world's greatest loss to communism since the close of World War II. Sometimes I have cause to suspect the true Americanism of some of these left-wing writers and commentators. I have cause to suspect they are misleading and improperly indoctrinating the minds of the American people.

The Washington Post on Sunday devotes 2 full pages of its 8-page editorial section to an article by its assistant managing editor, in which his heart bleeds for Dr. J. Robert Oppenheimer, who carved his own fate from his active associations with Communists, his generous contributions to their causes, and the

intransigence of Oppenheimer's deceit. One-fourth of the editorial section of the morning Washington Daily News last Sunday was a covert apology to one—however great his contributions to science—who played footsie with the Communists. Not to be outdone in this contribution to the cause of one who, despite untold indiscretions, continued in the knowledge of our vital secrets. Some space is devoted more directly to causes which have led us to the brink of world war III. Just let anyone assert a doctrine that is in keeping with old-fashioned Americanism and you stir the wrath of these internationalists. There appeared in the Post of last Sunday an editorial which is a thinly-veiled criticism of the president of the American Federation of Labor. The Post wishes to educate Mr. Meany in the definition of the term "coexistence." The Post says:

In its simple and literal meaning, coexistence describes the policy of every nation that is not trying to subvert or conquer or make itself master of the world. We hope the United States will always be found in this category.

I have not been favored with a copy of Mr. Meany's address, but, if the Post's brief reference to it is correct, I subscribe to his view branding "coexistence" as "massive appeasement," for that is all it can possibly mean. We have coexisted with all nations since the founding of our free-enterprise system of government. But how, tell me, how can we coexist with any government dedicated to a complete destruction of our way of life? The illustration given us the other day by the leader of the majority party here in the Senate aptly fits my description of what coexistence means.

Mr. President, for the moment I have transgressed too far in my digression from the present measure before us, but I am glad of the opportunity to express my sentiments on these interrelated matters.

Now to the monstrous propositions embraced in the sixth year of mutual security handouts. Someone has said our Government is proposing and supporting an international slush fund. Slush fund it is, as I define it. Let us read the first sentence of this act to promote security, the foreign policy, and for other purposes. I will dwell on "other purposes" when I get to them. Some of them are ridiculous and better to be kept away from the knowledge of the American people. When the voters find out about the "other purposes," those responsible for them had better look out. The first sentence of title I, chapter, 1 reads as follows:

The Congress of the United States reaffirms the policy of the United States to achieve international peace and security through the United Nations so armed force shall not be used except in the common defense.

I ask any open-minded person whether the foregoing is a true statement of fact. If the word "hope" were inserted in the place of the word "policy," there would be some truth in such an affirmation. I do not want to lose faith in the United Nations. Its objectives embrace noble ideals, but in this hard, practical world we cannot achieve our ideals by crown-

ing them with untruths. Everyone within range of my voice or who reads these words knows full well that we have not achieved "international peace or security" through the United Nations.

Since the formation of the United Nations the world has remained an armed camp, and the United States has had a fear in her mind at all times of a third world war.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. LANGER. Does the Senator from South Carolina know of any time since the United Nations was formed when there has not been perpetual war? Can the Senator name a time?

Mr. JOHNSTON of South Carolina. When there was an appeasement a few days ago, it was said that was the first time there had not been a shooting war.

Mr. LANGER. Great Britain has had troops in three different countries.

MESSAGE FROM THE HOUSE

During the delivery of the remarks of Mr. JOHNSTON of South Carolina:

A message from the House of Representatives, by Mr. Maurer, its reading clerk, announced that the House had agreed to the following concurrent resolution (H. Con. Res. 266), in which it requested the concurrence of the Senate:

Resolved by the House of Representatives (the Senate concurring), That the two Houses of Congress shall adjourn on Saturday, July 31, 1954, and that when they adjourn on said day they stand adjourned sine die.

ENROLLED BILLS SIGNED

The message also further announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the President pro tempore.

S. 2371. An act to extend emergency foreign merchant vessel acquisition and operating authority of Public Law 101, 77th Congress, and for other purposes;

S. 3458. An act to authorize the long-term chartering of tankers and the construction of tankers by the Secretary of the Navy, and for other purposes;

S. 3466. An act to provide for two additional Assistant Secretaries of the Army, Navy, and Air Force, respectively; and

S. 3713. An act to give effect to the International Convention for the High Seas Fisheries of the North Pacific Ocean, signed at Tokyo, May 9, 1952, and for other purposes.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield to the Senator from North Dakota.

Mr. LANGER. The Senator from North Dakota did not hear what the message was, and is very desirous to have it read by the clerk again so that he may hear when the date of adjournment is.

The legislative clerk read as follows:

House Concurrent Resolution 266

Resolved, etc., That the two Houses of Congress shall adjourn on Saturday, July 31, 1954, and that when they adjourn on said date they stand adjourned sine die.

Mr. JOHNSTON of South Carolina. Mr. President, is it necessary that we

have a quorum call in order to agree to the resolution?

The PRESIDING OFFICER (Mr. REYNOLDS in the chair). Not at this time.

Mr. LANGER. Mr. President, will the Senator yield further?

Mr. JOHNSTON of South Carolina. I yield to the Senator from North Dakota.

Mr. LANGER. It is my understanding that the distinguished Senator from Oregon had been promised the floor after the Senator from South Carolina concluded. Is that correct?

Mr. JOHNSTON of South Carolina. The Senator from North Dakota will have to ask the Chair that question. I am not informed as to which Senator will follow me. That decision is up to the Chair.

The PRESIDING OFFICER. The Chair is informed that the Senator from Louisiana desires the floor.

Mr. LANGER. I merely was thinking that if the Senator from Oregon was going to obtain the floor we would not be able to adjourn on July 31.

The PRESIDING OFFICER. There has been no agreement on an adjournment date.

MUTUAL SECURITY ACT OF 1954

The Senate resumed the consideration of the bill (H. R. 9678) to promote the security and foreign policy of the United States by furnishing assistance to friendly nations, and for other purposes.

Mr. JOHNSTON of South Carolina. Mr. President, the contending forces in the cold war have gotten hot here and there. Our experience in Korea teaches us one lesson if no other: We cannot depend upon the declarations of the United Nations. Measure and compare the relative assistance we received during that conflict wherein Red China was declared the aggressor. If the sentiment expressed in the first sentence of H. R. 9678 were true, there would be no occasion or need for the NATO organization, EDC, SEATO, or any of the provisions of the pending bill, as they relate to military defense. There would be no necessity for any of our defense projects now circling the world. It is because the United Nations has become merely a glorified debating society, insofar as effectively achieving the peace and security of its members is concerned, that we are called upon year after year to pour our material strength into other nations, many of which have neither the will nor the desire to help either themselves or us in the world struggle against communism. Besides being an ineffective debating society, the United Nations has become the greatest propaganda forum for communism the world has ever known. We furnish them a free hall, a large platform, the loudspeakers, a grand corps of internationally minded journalists—and what more can we do to aid Russia and her expanding domain? The Communists do not need our direct material help nor our defense weapons. We provide them sufficient aid indirectly. When are we to become conscious of it? It is clear to me now.

The psychology, yes the philosophy embodied in this bill, is based on the false premise that by spending billions of dollars abroad we buy friendships and secure them to us as permanent allies. Recalling that we lend-leased our allies billions of dollars prior to our entry into World War II, and continued to help them afterward with billions and billions more of our tax-collected dollars, and not unmindful of the heavy casualties inflicted upon us up to the present time, I should think that, sometime, someone in the executive department would propose a date for halting these constant drains upon us. The pending bill programs us far into the future. The testimony of all its advocates reveals that we have embarked upon a permanent program of attempting to support, defend, and at the same time, appease the world.

Now is a good time, so far as I am concerned, to suspend this program, suspend it for a year at least, until "the dust settles" and we find out where we are, and whither we are going.

What follows now in the train of the Geneva Conference should give us a chance to "get our breath, have that agonizing reappraisal" we have been hearing so much about, and enable us to count the noses of our real friends. The halt I here propose will affect only the future programs—1956, 1957, 1958, and so forth. Why? It is admitted by the proponents that there is now a backlog of unexpended authorizations and appropriations of well over \$9 billion.

Mr. LONG. Mr. President, will the Senator from South Carolina yield?

Mr. JOHNSTON of South Carolina. I yield to the Senator from Louisiana.

Mr. LONG. Is the Senator from South Carolina not concerned over the fact that there seems to be no reprogramming? For example, \$800 million was provided to help France in fighting the war in Indochina. The war came to a conclusion. In addition to the weapons left in Indochina, more than \$4 billion worth of weapons have not yet been taken out of crates. In addition to that, \$755 million worth of material is in the pipeline on its way. There is an item of \$700 million contained in the bill for Indochina. Did it ever occur to the Senator from South Carolina that it would be a good idea to replan and reprogram and stop some of the \$2 billion which is on its way to Indochina?

Mr. JOHNSTON of South Carolina. I am glad to hear the remarks of the Senator from Louisiana. One of the things to which I desired to call the attention of the American people was the necessity for proper planning. We ought to stop, look, and listen. There is already on hand a sufficient amount of money to provide for the program until next year. The persons concerned should present some plans as to their intentions in the future. At the present time the proposal is to dump all the money in Mr. Stassen's lap, and he will be able to spend it almost as he sees fit.

Mr. LANGER. Mr. President, will the Senator yield for a question?

Mr. JOHNSTON of South Carolina. I yield to the Senator from North Dakota.

Mr. LANGER. As a matter of fact, there is no doubt at all that some of the money appropriated was used for other purposes, such as keeping some rotten kings upon the throne.

Mr. JOHNSTON of South Carolina. There is no question that that is true.

Mr. LANGER. And perhaps a few queens.

Mr. JOHNSTON of South Carolina. There are a few queens, also; certainly one that I can think of now who is getting plenty of that money.

The idea that we can or should be able to purchase real friendships with our aid is quite insecure as a reality. We saved England and France in World War I, and again in World War II. It is not pleasant to contemplate their present attitude of complacency toward a known enemy—Russia?

Last December, the noted columnist, David Lawrence, expressed the situation most succinctly when he said:

Hence American taxpayers are to be asked to continue to pay huge sums to European countries as a means of influencing those governments to let America have bases abroad. Such military cooperation should be given to American air forces without strings or concessions or bribes if it aids the defense of the European countries themselves. To confess openly American subservience to its European allies and to disregard the moral principle on which the American case rests is not the way to preserve American leadership or to maintain the self-respect of the United States in the world.

Over 4 years ago, a former President whose 80th birthday the Congress last week unanimously resolved to honor, had this to say, among other things:

The final phase of our experience with Russia is the belated realization that this is not 1 world but 2 worlds. The one world idea seems to be lost in the secret files.

One world is militaristic, imperialistic, atheistic, and without compassion. The other world still holds to belief in God, free nations, human dignity, and peace.

Now to come to the point of all this. The American people ought to take a cold and objective look at this experience before we go any further.

This look should be directed to the fact that more and more the burdens of defending free men and nations are being thrust upon the American people, who are only one-sixth the population of the globe. We are becoming more and more isolated as the sole contender in this cold war. We are steadily losing ground because the non-Communist states are being picked off 1 by 1 or are compromising with the Communists. Our countrymen are in a fog as to what, where, and when all this leads to.

What the world needs today is a definite concrete mobilization of the nations who believe in God against this tide of Red agnosticism.

It needs a moral mobilization against the hideous ideas of the police state and human slavery. The world needs mobilization against this creeping Red imperialism. The United States needs to know who are with us in the cold war against these practices, and who we can depend on.

Therefore, I have a proposal to make.

I suggest that the United Nations should be reorganized without the Communist nations in it. If that is impractical then a definite new united front should be organized of those peoples who disavow communism, who stand for morals and religion, and who love freedom.

This is specifically not a proposed extension of a military alliance or any color of it. It is a proposal based solely upon moral, spiritual and defense foundations. It is a proposal to redeem the concept of the United Nations to the high purpose for which it was created. It is a proposal for moral and spiritual cooperation of God-fearing free nations.

If the free nations join together, they have many potent moral, spiritual and even economic weapons at their disposal. They would unlikely ever need some weapons. Such a phalanx of free nations could come far nearer to making a workable relation with the other half of the two worlds than the United States can ever do alone.

By collective action we could much more effectively keep their conspiring agents and bribers out of all our borders and out of our laboratories.

It may be the non-Communist world is not willing to take such a vital stand. At least it would clarify what we have to do.

The test I propose is the logical and practical method of total diplomacy. It would make diplomacy dynamic and lessen the dangers of the American people. All this may give pain to some people. But by their cries ye shall know them.

My friends, I am not disheartened by all this recall of disturbing experience. We must retain our faith in Western civilization. In support of that faith we are perhaps a slow but a resolute and intelligent people. We have the greatest organ of education known to man—a free press. You can dissolve much of our confusion and frustrations.

And in rejecting an atheistic other world, I am confident that the Almighty is with us.

I contend in all seriousness that history possibly will never present us with the opportunity we now have to "pause and reflect" upon what we have done and what further we should do. Are we afraid now to face the bitter facts of life, as mirrored by the world situation? Are we lacking now in the measure of intelligence which was ours or in the fortitude which ought to be ours to admit the hard realities of the situation with which we are faced?

Emerson in his great legacy to us on "Self-Reliance" said:

Trust thyself * * * nothing at last is sacred but the integrity of your own mind. Absolve you to yourself, and you shall have the suffrage of the world. * * * A foolish consistency is the hobgoblin of little minds, adored by little statesmen. * * * Speak what you think now in hard words and tomorrow speak what tomorrow thinks in hard words again, though it contradict everything you said today.

Those who favor this aid program in fullest measure ought not to object to 1 year's moratorium, when over \$9 billion already appropriated are yet to be spent. At the rate of the present request for a little over \$3 billion, we can still operate for 3 years on unexpended balances. We should, however, begin now to curtail the program, and set a time for its liquidation.

Our freedom may well depend upon the freedom of our European allies of the last war. What have we done or contemplated for since that time to shake the confidence they then had in us, and ought now to continue to have? Unless the nations of Europe value their freedom, and have a will to defend it, no amount of willingness and aid, economic or military, from us can save them. To

me that is axiomatic. Are we to sit by supinely and see our allies fraternize with the enemies of free peoples, while we entertain the false notion that this so-called coexistence is a workable plan? How can one coexist with a madman?

I do not question for a moment the sincerity or integrity of the President of the United States. I have often questioned, and no doubt I shall in the future often question, his judgment, policy, or method. At the opening session of this Congress, he said in respect to our foreign policy the following:

This administration has, therefore, begun the definition of a new, positive foreign policy. This policy will be governed by certain basic ideas. They are these:

First. Our foreign policy must be clear, consistent, and confident. This means that it must be the product of genuine, continuous cooperation between the executive and the legislative branches of this Government. It must be developed and directed in the spirit of true bipartisanship. And I assure you, Members of this Congress, I mean that fully, earnestly, and sincerely.

Second. The policy we embrace must be a coherent global policy. The freedom we cherish and defend in Europe and in the Americas is no different from the freedom that is imperiled in Asia.

Third. Our policy, dedicated to making the free world secure, will envision all peaceful methods and devices—except breaking faith with our friends. We shall never acquiesce in the enslavement of any people in order to purchase fancied gain for ourselves. I shall ask the Congress at a later date to join in an appropriate resolution making clear that this Government recognizes no kind of commitment contained in secret understandings of the past with foreign governments which permit this kind of enslavement.

Mr. LANGER. Mr. President, will the Senator yield for a question?

Mr. JOHNSTON of South Carolina. I yield to my distinguished friend from North Dakota.

Mr. LANGER. Mr. President, a few moments ago the distinguished Senator from South Carolina mentioned England and the United Nations. I wonder if he is familiar with the fact that Russia and the United Kingdom of Great Britain and Northern Ireland signed a treaty in London on May 26, 1942, that was to last for 20 years, which, among other things, says that if:

One of the high contracting parties during the postwar period becomes involved in hostilities with Germany or any of the States of Germany—

Calling attention particularly to West and East Germany—

the other high contracting party—

That is, Russia or England—

will at once give to the contracting party so involved in hostilities, all the military and other support and assistance in its power.

I wonder what becomes of the United Nations in case Russia makes war on one of the German states?

Mr. JOHNSTON of South Carolina. That is a good illustration of how the countries of Europe are all entangled with one another. The more we try to run things, over there, the deeper we are going to get into the mire.

Mr. LANGER. Of course, the distinguished Senator knows that in 1946

France made a treaty with Russia which was along similar lines, promising to render economic aid.

Mr. JOHNSTON of South Carolina. That is true.

I certainly thank the Senator from North Dakota for bringing up that point at this particular time.

Mr. LANGER. Does it not show the distinguished Senator the absolute absurdity of pouring out American money to help these countries when they may use the very war materials we send to them to assist Russia rather than to fighting her?

Mr. JOHNSTON of South Carolina. It looks as if that would be so if they carried out the agreement.

Fourth. The policy we pursue will recognize the truth that no single country, even one so powerful as ours, can alone defend the liberty of all nations threatened by Communist aggression from without or subversion within. Mutual security means effective mutual cooperation. For the United States, this means that, as a matter of common sense and national interest, we shall give help to other nations in the measure that they strive earnestly to do their full share of the common task. No wealth of aid could compensate for poverty of spirit. The heart of every free nation must be honestly dedicated to the preserving of its own independence and security.

Fifth. Our policy will be designed to foster the advent of practical unity in Western Europe. The nations of that region have contributed notably to the effort of sustaining the security of the free world. From the jungles of Indochina and Malaya to the northern shores of Europe, they have vastly improved their defensive strength. Where called upon to do so, they have made costly and bitter sacrifices to hold the line of freedom.

I wonder what he would say now about Indochina? That was the President speaking.

But the problem of security demands closer cooperation among the nations of Europe than has been known to date. Only a more closely integrated economic and political system can provide the greatly increased economic strength needed to maintain both necessary military readiness and respectable living standards.

Europe's enlightened leaders have long been aware of these facts. All the devoted work that has gone into the Schuman plan, the European army, and the Strasbourg conference has testified to their vision and determination. These achievements are the more remarkable when we realize that each of them has marked a victory—for France and Germany alike—over the divisions that in the past have brought tragedy to these two great nations and to the world.

The needed unity of Western Europe manifestly cannot be manufactured from without; it can only be created from within. But it is right and necessary that we encourage Europe's leaders by informing them of the high value we place upon the earnestness of their efforts toward this goal. Real progress will be conclusive evidence to the American people that our material sacrifices in the cause of collective security are matched by essential political, economic, and military accomplishments in Western Europe.

Now is the time for us to help the President put the countries of the world to the real tests he set for them in his declarations which I have quoted. It may be too late when all of Indochina is lost behind the bamboo curtain. It

may be too late when Tunisia and Morocco are lost to France.

It will be noted that I am calling names. When hereafter Senators read in the newspapers that these countries are causing us trouble, they can say, "Well, I heard Senator JOHNSTON say something about that on the Senate floor."

It may be too late when West Germany reaches the saturation point, disgusted at the fumbling and stumbling inaction of France. It may be too late when Churchill and Eden, in concert with the Socialist-Labor Party of England, have further advanced in the practice of their coexistence theory as a national policy. It may be too late when Japan has been forced by economic stress to turn elsewhere. It may be too late for us when the bottom of our economic barrel is scraped. Why go on from year to year in a fruitless journey, not knowing today who will be at our side tomorrow and realizing, if we are to realize anything at all, that at the end of the journey we will be alone, helpless, and penniless, after the failure of our efforts to purchase friends and allies.

Loans, grants, or aids, economic or otherwise, come, I tell you, from the sweat of the brows of American laborers, businessmen, merchants, professionals and farmers alike.

I believe that France should be told in no uncertain terms, "You ratify and confirm your project,"—the EDC, and let us not forget, that EDC was France's project—"by a certain given date, or we will withdraw our aid from you." Moreover, let us tell France we will associate ourselves with the growing democracy in West Germany. We should do the latter in all events, whether or not EDC ever becomes a reality.

Our foreign policy to be firm should command us to tell Churchill, Eden, and Beven that their concept of coexistence with atheistic Russia is the betrayal of our ideals and concepts from World War I to this very moment; also that such a policy is a betrayal of the British sacrifices in materials, men, and the agony and sufferings of her people for four decades. Tell them also that they are selling their precious birthright of freedom for the paltry pounds of silver now glittering before them.

Oh, Mr. President, now is the time and here is the place for us to stop for a while. Let us rest our motors for a year at least. Let us take stock of ourselves and see where we are, where we are going, and who are with us. If, in the final analysis, we have to go it alone, is it not better that we do so now before we are exhausted financially and economically?

These expressions must no be considered as measures to coerce our former allies. Our self-interest simply demands we take an accounting. Did Churchill or Eden hesitate to tell us at Geneva, in effect, that "there will be no discussion of any SEATO arrangement for the defense of southern Asia, the Philippines, Japan, Thailand, Malaya, Formosa, Burma, New Zealand, and Australia until after the conclusion of the Geneva Conference"? What offense do

we commit to England or France if we say, "There will be no more buildup of your defenses at our expense until some things are done which we wish to have done"? Being reciprocal certainly should be no cause for offense.

I am not unmindful of some of the problems facing England and France. Italy has her problems, too. France is getting in excess of 34 percent of our total offshore production expenditures. Italy is getting about 17 percent. Think of it, here are two countries where the Communist strength in their political parties holds the balance of power. We are sustaining them and keeping much of their labor, which is Communist-dominated, employed, and yet neither country has subscribed to the EDC, which France conceived. What would happen should a general war start? Is it not obvious that the billions we have spent to restore their peacetime production, to assist in their armaments, and to help them generally would be lost to us? Is it not conceivable that these aids would be turned upon us in an effort to destroy us? So I contend a reappraisal is overdue. Now, if ever, is the time to have it.

As I look at the figures, the charts, drawings, and diagrams in the report of the Senate committee, they reflect a diminution of the amounts in toto and by specific groups. We have the balls, the graphs, and the shaded columns. They signify a lessening of supports by way of grants, loans, and materials. The base periods do not begin where they should. The totals are not reflected. The end is not depicted. The pictures are therefore not precisely true. They do not present us with a clear portrayal of the entire program.

Of course it is unreasonable to expect Mr. Stassen to tell us how long his services will be required. It is unreasonable

for Mr. Livingston Merchant, who has been around the State Department for quite a while, to tell us when he thinks our generosity should end. Mr. Dulles is equally vague. At page 21 of the hearings before the House Committee on Foreign Affairs he said, when questioned about the permanency of this so-called mutual security program:

I think as long as we operate on a mutual-security basis we will always have to put up money for that. I think this community effort, which I hope will continue indefinitely, will continually require some appropriation to support it.

God forbid that as a permanent part of our national existence we must contemplate an unending effort to support a major part of the rest of the world. This, Mr. President, we cannot and must not attempt to undertake. I wish it were possible for me to say that the billions and billions of dollars we have poured down every drain in Europe, Asia, and elsewhere had acquired for us permanent friends and lasting allies. I wish we could truthfully say that this program carried on since 1940 had been a success. This we cannot truthfully say.

This bill, Mr. President, as it comprehends our relations with the other nations of the world will not any more accomplish the desired results than its predecessors have. I hope that by this time next year no more of the free world—bit by bit—will have been lost. The provisions of this bill assure us of no new allies among the friendly nations of the world, nor does it by any means guarantee that those now who are supposed to be on our side will remain there very long. Previous legislation of this sort recommended in the report of the committee has failed, because we get worse off each year. The peril increases. The dangers are larger.

Now the fears of the internationalists are not well founded, that if we defer action to terminate this foreign aid, its programs will grind to a halt. There is this tremendously large overlap of prior authorizations of \$9 billion. Much of the money authorized in this bill is not to be spent for several years to come.

The Marshall aid plan, according to those who formulated it, was to last for 4 years—mind you, 4 years—4 years ended in 1952. It was then granted an extension, which was to be temporary. That was the first blow which now appears to have been fatal to efforts to end the program, for its promoters and sponsors now have the boldness to assert they wish it to continue permanently.

I wish the committee in its report had diagramed for us what we have given the nations of the earth since the start of World War I, during World War II, and since that time. For its own purposes the committee used the year 1950 as a base. We did not start then and we should not begin our consideration of the present bill on such a date. I am indebted to Mr. Paul O. Peters for some interesting statistics on our foreign loans, gifts, and so forth. These astronomical figures are a lesson in economics and mathematics well worth our considering.

I notice from a chart I have that the gross foreign aid from July 1, 1940, to May 15, 1954, was \$119,301,997,500.

Then I notice that we gave \$3,385,000,000 more by subscription to the bank and monetary fund. That makes a total of \$122,686,997,500.

Mr. President, I ask unanimous consent that the chart be printed in the *RECORD* at this point, as a part of my remarks.

There being no objection, the chart was ordered to be printed in the *RECORD*, as follows:

Foreign aid programs of the United States Government: Grants, credits, and cash expenditures from the Federal Treasury for foreign aid in the period from July 1, 1940, through May 15, 1954. Compiled from statistical appendixes, Foreign Transactions of the United States, and other reports of the Department of Commerce. Arranged in 2 parts, the World War II period and the postwar era

WORLD WAR II PERIOD (PT. 1)

	Fiscal year 1941	Fiscal year 1942	Fiscal year 1943	Fiscal year 1944	Fiscal year 1945	War period total
Gross expenditures:						
Grants.....	\$203,000,000	\$6,205,122,095	\$9,165,977,760	\$16,650,353,676	\$15,758,641,526	\$47,983,095,057
Credits.....	115,123,052	476,699,333	47,894,356	122,948,106	90,818,352	853,483,199
Other dollar outlays.....	274,443,834	1,273,716,986	2,730,758,500	3,827,988,633	2,926,153,103	11,033,061,056
Total.....	592,566,886	7,955,538,414	11,944,630,616	20,601,290,415	18,775,612,981	59,869,639,312

POSTWAR PERIOD (PT. 2)

	Fiscal year 1946	Fiscal year 1947	Fiscal year 1948	Fiscal year 1949	Fiscal year 1950	Fiscal year 1951	Fiscal year 1952	Fiscal year 1953	Total, 1946-53
Grants.....	\$3,288,535,118	\$2,074,982,401	\$2,583,000,000	\$5,169,000,000	\$4,617,000,000	\$4,280,286,000	\$4,440,000,000	\$6,283,000,000	\$32,735,803,519
Credits.....	1,412,400,910	4,766,374,998	2,802,000,000	1,138,000,000	405,000,000	419,000,000	658,000,000	747,000,000	12,347,775,908
Other.....	2,203,186,778	1,682,120,213	1,702,000,000	1,295,029,206	1,316,536,000	1,925,000,000	-----	-----	10,123,872,197
Total.....	6,904,122,806	8,523,477,612	7,087,000,000	7,602,029,206	6,338,536,000	6,624,286,000	5,098,000,000	7,030,000,000	55,207,451,624

Payments to International Bank and Monetary Fund: \$159,025,000, \$3,225,975,000; total, \$3,385,000,000.

Summary of foreign aid by periods:

World War II period..... \$59,869,639,312
Postwar period to 1953..... 55,207,451,624
Fiscal year 1954 to May 15, 1954..... 4,224,906,564

Gross foreign aid..... 119,301,997,500

Gross foreign aid, July 1, 1940, to May 15, 1954..... \$119,301,997,500
Subscription to bank and monetary fund..... 3,385,000,000

Total..... 122,686,997,500

Mr. LONG. Mr. President, will the Senator yield for a question?

Mr. JOHNSTON of South Carolina. I yield.

Mr. LONG. Do those figures include the lend-lease that we granted during World War II?

Mr. JOHNSTON of South Carolina. I think that is included.

Against this \$119,301,997,500 there are war and postwar credits of \$10,261,625,-746, leaving a net balance of \$109,040,-371,754. Add to this latter figure the cumulative interest charges our Government has had to pay as interest on this money borrowed from the American people through the sales of bonds, which figures amount to \$18,606,524,210.57, plus our \$3,385,000,000 of subscriptions to the International Bank and Monetary Fund, and the total cost of our grants and loans since 1940 amount to the amazing sum total through May 15, 1954, of \$122,686,-997,500.57. No wonder we are called Uncle Sucker, Uncle Sap, Santa Claus, and everything else except a friend of free men and free governments everywhere.

Mr. LANGER. Mr. President, will the Senator yield for a question? Does that include all the billions of dollars given after World War I?

Mr. JOHNSTON of South Carolina. I shall deal with that a little later.

Then there follows a breakdown of the net grants and credits—gifts and loans—to the European countries in the postwar period from July 1, 1945, through December 31, 1953. I ask unanimous consent that the breakdown be printed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Austria.....	\$995,000,000
Belgium-Luxembourg.....	738,000,000
United Kingdom.....	6,794,000,000
Denmark.....	283,000,000
Finland.....	86,000,000
France.....	4,945,000,000
Germany (Federal Republic).....	3,789,000,000
Greece.....	1,199,000,000
Iceland.....	32,000,000
Ireland.....	146,000,000
Italy.....	2,591,000,000
Netherlands.....	1,068,000,000
Norway.....	299,000,000
Portugal.....	51,000,000
Spain.....	62,000,000
Sweden.....	108,000,000
Trieste.....	45,000,000
Turkey.....	239,000,000
Yugoslavia.....	633,000,000
Other western Europe.....	658,000,000

Total Europe..... 24,761,000,000

Near East and Africa:

Egypt.....	10,000,000
Iran.....	81,000,000
Israel.....	282,000,000
Liberia.....	282,000,000
Saudia Arabia.....	21,000,000
Union of South Africa.....	14,000,000
Other Near East and Africa.....	99,000,000

Total..... 539,000,000

Asia and the Pacific Ocean area:

Afghanistan.....	\$20,000,000
Burma.....	18,000,000
Formosa.....	1,051,000,000
India.....	255,000,000
Indochina.....	61,000,000
Indonesia.....	215,000,000
Japan and Ryukyu Islands.....	2,444,000,000
Korea.....	894,000,000
Australia.....	1,000,000
New Zealand.....	6,000,000
Pakistan.....	98,000,000
Philippines.....	803,000,000
Thailand.....	18,000,000
Other countries.....	24,000,000

Total..... 5,908,000,000

American Republics.....	879,000,000
Canada.....	10,000,000
International organizations and unspecified areas.....	884,000,000

Grand total..... 34,072,000,000
(Grants and credits net.)

Mr. JOHNSTON of South Carolina. The foregoing represents postwar grants and credits less all repayments, plus credits for reverse lend-lease, and so forth, to December 31, 1953.

Let us remind Mr. Churchill—he will not mind it, especially that half of him that he claims is American—that our loans, gifts, and grants as lend-lease and to the British Government in the name of lend-lease during World War II amounted to \$31,610,813,200; that wartime and postwar loans aggregate \$4,641,413,000. Will it hurt for us to remember that our advances to the British for World War I, yet unpaid, aggregate \$7,706,809,301.

These sums aggregate the amazing total of \$43,959,035,501. Add to the latter figure the millions upon millions of dollars loaned or given to the countries in the British Commonwealth and we can then begin to realize the staggering load it has been our lot to carry for the sake of our British friends. May we not or should we not now recall these figures, when we see the leaders in the mother country trying to mousetrap us into some sort of state of coexistence with the perfidy of leaders in Russia openly dedicated to our annihilation? If recalling the facts of the history of our relations for the past 40 years offends them, would we not better know it now before it is too late?

Mr. LANGER. Mr. President, will the Senator yield for a question?

Mr. JOHNSTON of South Carolina. I yield to the Senator from North Dakota.

Mr. LANGER. Does the distinguished Senator from South Carolina know whether Great Britain ever paid us for the White House when they burned it down?

Mr. JOHNSTON of South Carolina. I never heard of any money being paid for that. If the Senator from North Dakota has dug up some unknown fact, I should like to have him tell us about it.

Mr. LANGER. I was just trying to find out whether they ever paid us for burning down the Capitol.

Mr. JOHNSTON of South Carolina. I never heard of their paying us anything on that account; no.

These figures really take us into higher mathematics on an ever-increasing scale. Interest is not calculated, but Uncle Sam will pay it and has paid it. I have no desire to criticize Mr. Churchill personally. I think he is the greatest living man of our times.

I admire him for holding out to the bitter end for anything and everything that he conceives will be helpful to the people he serves and who have honored him. That spirit of national interest and love he has for his native land are most admirable traits. I expect him and his associates to be the last to criticize me, if I feel it my duty to America to stand on the Senate floor and say in my humble judgment the United States should now stop, look, and listen, take an accounting now of the debts owing to us, the further trustworthiness of our creditors, take stock now of our assets and our prospects for the future.

An American country grocer, any humble tradesman of ours, faced with like problems in his business, would do as much. Why should not we, as the representatives of our people, do it now on a national and international scale? If this is stark provincialism or innate nationalism on my part, please, my friends, make the most of it. I conceive my sworn duty as a United States Senator to be a duty to protect the interests of the Americans I represent. I cannot for the life of me see America growing strong, materially, spiritually, or militarily, in the sinful wastes now taking place or those that have heretofore plagued us. The reason I have made these observations so freely about our British friends is that they ought to know better, and that I cannot understand or appreciate their seeming change of position or their lack of a finer appreciation of what our Nation has done through all the years to assist the mother country.

To repeat, it is my contention that, with over nine billions of unexpended balances heretofore authorized and carried forward in the fiscal year 1954, we do not need at this time to appropriate more. We will hurt our own starry-eyed dreamers whom we are paying to administer and promote this program more than we could ever damage the intended recipients of our bounty.

The tables I quote from show some very remarkable and tangent disjointures when considered area and populationwise. Their ability to give us mutual assistance seems to have been overlooked. The figures will speak convincingly for themselves. Some appear reluctant in their public relations. The handouts to others show where emphasis and salesmanship are at their best. Let us take the countries in the Arabian League and nearby states. I shall include Israel with them.

I ask unanimous consent to have a table printed at this point in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Country	Area in square miles	Reported population	Reported grants and credits
Egypt.....	386,000	20,700,000	\$10,000,000
Iraq.....	116,000	5,100,000	889,000
Jordan.....	39,500	1,265,000	5,984,000
Lebanon.....	4,000	1,285,000	4,728,000
Libya.....	1,100,000	1,340,000	3,259,000
Saudi Arabia.....	870,000	6,500,000	3,139,000
Yemen.....	75,000	5,000,000	-----
Syria.....	72,000	3,291,000	498,000
Iran.....	628,060	17,000,000	81,000,000
Bahrein.....	250	120,000	17,048,000
Population total.....	-----	61,601,000	126,545,000
Israel.....	8,050	1,650,000	282,000,000

Mr. LONG. Mr. President, will the Senator yield for a question?

Mr. JOHNSTON of South Carolina. I yield.

Mr. LONG. The Senator realizes, does he not, that the main problem in connection with the gifts to the Arabic countries in the Near East is the fear that they may use their arms in an attack upon Israel?

Mr. JOHNSTON of South Carolina. I think the Senator probably is correct.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. LANGER. Can the Senator tell us the population of South Carolina, and how much South Carolina will receive under the bill?

Mr. JOHNSTON of South Carolina. South Carolina has been forgotten in the bill; but provision has been made for South America, so at least we are coming back to the Western Hemisphere. We are coming up this way. We shall finally get home, but I fear that all the money will be gone.

Mr. LONG. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. LONG. Does the Senator realize why it is necessary to give so much money to Israel?

Mr. JOHNSTON of South Carolina. I have an idea why it is necessary.

Mr. LONG. Has it ever occurred to the Senator from South Carolina that the reason why it is necessary to provide so much in the way of arms to certain small countries of the Near East, which are all hostile neighbors themselves, is so that they might be able to defend themselves from the Arab groups?

Mr. JOHNSTON of South Carolina. That is exactly what I am calling attention to. We furnish arms to one side, which is fighting another side. Then we furnish arms to the second group, so that they can fight the first group. That is the way it goes. Billions and billions of American dollars have been given out in that way.

When I went to Europe I found that I could also go to Israel, but I was not allowed to go into some parts of Egypt. I had a difficult time getting there. That shows how bitter the people in those countries are toward America and toward what America is doing.

Mr. LONG. Does the Senator realize that not only with respect to the Near East, but also as to other places, there is a distinct possibility that when the United States has finished giving arms to 60 different nations, those nations might choose sides and go to war with one another, instead of fighting the Communists?

Mr. JOHNSTON of South Carolina. If my memory serves me correctly, all those little countries have fought one another in the past. When I visited those countries, I found that many of the small nations looked upon one another as enemies. Yet we are helping all of them. We could use all that American money ourselves, but instead we continue to play Santa Claus to foreign countries. That is what I am complaining about. I cannot solve the puzzle which confronts us.

If these totals were all there were to the entire picture, we might shrug our shoulders and content ourselves with the ever-reminding consolation that we have done our duty as we saw it to mankind at large; yet with all that we are faced with disappointment, failure, and abandonment.

Our annual budgets for years and years to come will reflect our sacrifices in the worthy assistance we are giving our veterans. There is hardly a hillside in Europe or on the countless islands of the world which is unmarked today by the gravesites of our heroic dead. Those dead are American dead. They have given their all. To recall their sacrifices, the suffering still existing in our hospitals, and the continuing financial sacrifices our countrymen gratefully make in their behalf may not be too pleasing to some of our former friends who would like us to bear with them in their excursions into dangerous fields of diplomacy. Oh, I hear and read about the concern expressed over our immaturity in our foreign affairs. That so-called immaturity and our constant unawareness of our debts worry me a great deal less than do senility and short memories.

Nor, Mr. President, are these all the costs. In the calculations I have troubled to give you, no consideration is given to the billions of dollars it has cost us to maintain our armed and occupation forces scattered throughout the world, not only during the war, but since the war. The cost of the airlift to Berlin was made necessary by our shortsighted and trusting officials when that city was divided into sectors for occupation purposes.

Here and there, at the expense of some domestic assistance program, we hear that we must preach and practice economy. I believe in economy. I have through sheer necessity been compelled in my own life to practice economy. May I be pardoned for saying I know the bitter privations attending personal economy. The little education I have been able to get is the result of studying by day and working by night. I know what it is to have worked in a cotton mill one week, and to have gone to school the following week. I know what it is to read proof at night on a newspaper and to study at college the next day.

These are some of the reasons which compel me to exclaim to high heaven when I see some Americans who have never had to really work a day in their lives, born to inherited wealth, strut up and down the avenues of the world squandering the hard-earned dollars of their fellow Americans like drunken sailors on a spending spree. I intend to furnish some illustrations, if Senators will bear with me.

Mr. President, earlier I said I do not have the answers to our problems worldwide. Neither, apparently, does anyone else have the answers. That field has been removed from my intimate association and immediate study during my terms of office in the Senate. But with world conditions becoming worse year after year, the solutions offered us each year are no solutions at all. To me the problem is just that simple.

Can we not try our hand at something else? Are we barren of further ideas or programs? Are we to continue to add to the yoke of our burdens with no hope at all that the future will be lighter rather than heavier to bear? How long, I wonder, does the executive branch of our Government expect to tax the credulity of the American people? How thin can we be expected to stretch our resources before we reach the breaking point? Some end, of necessity, must be reached.

Someone has paraphrased the great Tennyson poem *The Brook*:

Men may come and men may go, but by aid to the United Kingdom, it goes on forever.

Let me digress once more. When I reflect upon the debt we owe the mother country, even as I reflect upon the greatness of Mr. Churchill, who commanded the attention and admiration of free men everywhere with his challenges after Dunkerque, when, by the sheer force of his spoken word, he aroused mankind everywhere to a sense of responsibility for the inherited freedoms attending a free life in governments where men choose their leaders, I am ashamed now to think he could seriously advance the thought privately, much less openly, that there can be peaceful coexistence in the world until Russia shall cease her bloodless conquests of infiltration, and her continued enslavement of her satellites as well as her own people.

What the world sorely needs is a leader with Churchill's ability to paint a proper word picture for us. Mr. Churchill knows we gave the Russians over ten billions of lend-lease and postwar aid in loans and grants. What has been our reward for rescuing the Russian tyrants? Mr. Churchill, Mr. Attlee, Mr. Eden, Mr. Bevan, and the leaders in France and Italy know as well as, if not better, than you and I. We had the Iron Curtain before the close of World War II. It dropped in our face then. Mr. Churchill so correctly called the score at Fulton, Mo. My digression is to refer to our debt to the mother country.

No other nation on earth has the heritage that the British and the American people share in common. The glory of the Bill of Rights, trial by jury, the com-

mon law, the very essence of human liberty, and freedom for men everywhere, are acknowledgments to the foresight and sacrifices of our forebears. In the fields of science, literature, adventure, and government we have the right to boast aloud together, boasting not in vain self-glory, but boasting as models for those who seek freedom's way of life. Mortal man, enriched by the spiritual leaders of our Christian faith, is indebted for the accomplishments of Chaucer, Milton, Shakespeare, Pope, Coleridge, Browning, Sir Walter Scott, Dickens, Byron, Keats, Shelley, Tennyson, Kipling, and scores of others. A nation which produced such men has a right to safeguard its heritage. The privations of those on the *Mayflower*, the pact they signed, Capt. John Smith, Magellan, Sir Walter Raleigh, and the exploits of a thousand more of adventurous men of freedom are our heritage. The Cromwells, the Disraelis, the Lloyd Georges, and, in our most recent times, Mr. Churchill, are statesmen of the highest order.

I should dislike to be put to the test of singling out the greatest among just the few I recall, but were I to do so, as much as Mr. Churchill's latest pronouncements are distasteful to me, I should select him as the all-time great of the greatest that the British have given the world. He still has it within his power to influence mankind, and become to the world what George Washington is to us Americans. What a challenge is given him and Mr. Eden. I pray God to give them the courage and wisdom to grasp the challenge the world offers.

Now, Mr. President, more directly to our spendthrift policies of the great giveaway programs: We are warned to economize by those in the executive branch and by those here in this body. I join in that chorus, here and now. Will the rest of my colleagues join me?

I was amazed the other day, when it was suggested that we should increase the pay of our Federal workers 10 percent, to hear not one, but many persons, say that we cannot afford it at this time. It was stated that the Federal employees deserve such a pay raise, but that we could not afford to grant them one to that extent at this time.

Mr. LONG. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield to the Senator from Louisiana.

Mr. LONG. I am sure the Senator remembers that when there was a proposal to let the average citizen share in tax relief, we were told that we could not afford it. Does the Senator not recall that?

Mr. JOHNSTON of South Carolina. We were told that we could not afford to give such persons additional personal exemptions of \$100 which probably would have meant a saving to such taxpayers of about \$20 a year. We were told, "America cannot afford it."

There are no such figures available to me, and I doubt if anyone under the sun is capable of computing all the costs in manpower, resources, and financial assistance we have given.

There are two items of expenditures close at hand we can and should observe. The average postal worker's starting wage is \$3,300. The yearly cost of maintaining the average soldier abroad—on guard at the portals of freedom, if you please—is about \$5,000. Yet, we cannot afford to raise the mail carriers' wages. One produces a service; the other is nonproductive. I do not intend to go into a sickening comparison of value of these two items of expenditure. They are there, and someone else can explore their relative values.

Mr. LONG. Mr. President, will the Senator yield further?

Mr. JOHNSTON of South Carolina. I yield to the Senator from Louisiana.

Mr. LONG. The Senator from South Carolina knows, does he not, that the bill before the Senate embodies a program which was studied, considered, and planned at a time when there was a fighting war going on in Indochina?

Mr. JOHNSTON of South Carolina. That is correct.

Mr. LONG. Does the Senator recall that this Nation was paying the major part of the cost of fighting that war in Indochina? Since the hearings were held on the program which was proposed, the war in Indochina has come to an end and a truce has been signed. Yet the bill before us provides for just as much money as would have been requested had the truce in Indochina never been signed. Is that not correct?

Mr. JOHNSTON of South Carolina. That is true. I am sure the Senator would find it also to be true that, although we were pouring money into Indochina, and although France was supposed to have been the country most interested in that area, she dropped out and refused to carry on her part of the fight.

Mr. President, the present foreign-aid bill is supposed to be a model. We have picked up the broken ends and scattered threads of other pieces of legislation and combined them all in this one bill—so we are told. So far, so good. A brief moratorium of all legislation for some sober thinking would not hurt us at all. Maybe a reflection upon our prodigality will produce a program that will prove its worth. Certainly, in 9 years of trial this program has been, and is frankly admitted to be, a failure.

The bill is no new appraisal. No new approach to our problems is presented. The same old sterile methods are employed. We hear the same tunes on the same old record. A change in designation or terms is no change in purpose or objectives. The costly experiment has succeeded only in giving a few jobs to Americans here and abroad. Abroad they are hurting us, because they are not living as they would here. The lofty, aloof mode of their living, with their servants and detachments, hurts us. Many of our officials thus create more resentment than they are capable of incurring good will.

The other evening, on one of the local broadcasts, Jim Robinson, an NBC commentator who has spent many years in the Far East covering the news for

American and certain English newspapers, broadcast his views. His comments are so pertinent and so much in line with much of my own thinking that I take the liberty of quoting him in part. He said:

The Communists are on the victory march in Asia. The Communists' ultimate goal is to conquer all the Far East. They say so, and they're in the process of doing it. The Communist operation in Asia is pure and simple totalitarian aggression, but it's disguised under national movements, reform movements, and such slogans as "Asia for the Asians."

The price of our constant appeasement to communism in the Orient is beyond immediate calculation, but this is what's happening in the yet free Far Eastern nations. These countries now feel they have the proof the West isn't willing to face a showdown—not willing to use force to stop force. So these countries are in the process of their own agonizing reappraisal of the situation. Already many of these countries are frantically trying to achieve the role of neutrals. Many are casting secret feelers toward the Peking regime. Those nations want to see if a deal can be made—a deal whereby they might be able to co-exist with the Communists—or if it might be possible to retain some sort of national sovereignty if and when all Asia goes Red.

I've just returned from Indochina and I've seen why Asia is now in this frame of mind. For look what's happening in north Vietnam. You have there millions of ardent nationalists, anticolonialists—yet, but just as anti-Communist. Now our leaders promised to save these people from communism barely 2 months ago. But today we're joining in the nefarious act of handing these people over to the Reds. What example does this serve to the rest of Asia? What would you do or think if you were an Asian?

Let's take an example of how the Communists operate in the field and how the United States operates in the field in Asia. We'll pick an unnamed Asian nation yet free. We want this country as an ally, the Reds want it as a satellite. Here is how the operation goes.

We pick a university graduate—clean-cut, intelligent, honest. His basic instruction is to go to this country and inform the people how nice democracy is—how bad communism is. This man has never been to Asia, doesn't know the language. He arrives and moves into a lovely home, has servants, a car, and chauffeur, and an air-conditioned office. And our man zealously goes to work putting out slick-paper pamphlets about how nice America is and what rats the Communists are. Good stuff for readers in Kansas City, but remote to the man in the street in Asia.

Now comes the Communist equivalent. First, he's an Asian, he speaks the local language, he lives with the people—in short, he is one of them, except he is highly trained—a specialist in Communist double-talk. When the Mr. Whong of Asia sits down in his local coffee shop, he meets this ardent Communist. But Mr. Whong doesn't realize this man is an agent. For this man speaks his language, talks of all the things bothering Mr. Whong and of course, adds his very cleverly planted seeds of revolt. A distorted picture? Unfortunately no. I wish it was.

A lot of "huckstering" went on in the 1952 election campaign if you remember. To re-

fresh your memory we quote here a radio spot announcement, September 1952 by Presidential candidate Eisenhower: "We are going to bring them [taxes] down. And here's how. We are going to cut out the billions that Washington is wasting and put that money back in the pockets of the people."

Mr. Robinson's reference to the methods employed by our representatives is noteworthy. They have not purposely failed us. They just simply are too pampered and too unschooled in the practicalities involved to be of any lasting assistance.

I want now to quote from a recent article by Mr. Ludwell Denny, of the Scripps-Howard chain of newspapers. His article, entitled "Subsidized Appeasement," is apropos at this time. Listen to what he said:

The American taxpayer, who financed the hopeless French colonial war in Indochina, will be asked next to subsidize the Geneva appeasement.

The billion-dollar-a-year American supply of arms is being shut off as a result of Red military victory in North Vietnam and political victory at Geneva, but France expects the United States to support with economic aid her colonial remnant in South Vietnam, Laos, and Cambodia.

According to the French and British, who signed into Red slavery 12 million North Vietnamese over protest of the Vietnam and United States Governments, only large American subsidies can save the rest of Indochina from going Communist in the next elections. In Cambodia and Laos elections are promised for 1955; and in South Vietnam, for May 1956.

There are several catches in this:

The truce terms are loaded in favor of the Reds, so that they can get the rest of Indochina by peaceful subversion. This is true not only in south Vietnam, where large pockets of Reds are allowed by the truce to operate for 10 months; but also in Laos, where Red invaders are permitted to remain.

The same French colonialism, which created the conditions for Red victory in the 8-year war, is to continue in south Vietnam under the truce. The long-promised but never granted Vietnamese independence may be given in some phony form, and the discredited and despised puppet Bao Dai may be belatedly dumped by Paris. But no representative Vietnamese Government is possible under the French, who have agreed to a partition of the country against the virtually unanimous protest of the non-Communist population.

Just as past American economic aid in Indochina failed to save French colonialism or to stop the Red flood, future economic subsidies under similar conditions are unlikely to have better results.

The same lack of American control of American funds, which wasted so many billions in the past, would drain future billions down the rathole. The French will not agree to adequate American control.

In addition to the futility of continuing to finance a French imperialism which has already collapsed, and which has degraded America's world reputation in the process, there are two basic fallacies in this whole approach.

One is the illusion that foreign countries can be bribed by American dollars to repulse communism. This has been disproved over and over again and in many lands, where Marshall plan aid failed because it was used to buttress evil conditions instead of for basic reform.

The second illusion is that economic aid, without a strong defense system, wards off communism. On the contrary, it only fat-

tens up the victim for the Red kill. What happened in Indochina?

Unless France and Britain join in a fast and effective southeast Asian security system, the Reds will use the Geneva truce to get the rest of Indochina and then the others.

Mr. President, I consider Mr. David Lawrence, whose articles appear locally in the Evening Star, and who is the editor of the U. S. News & World Report, one of the country's greatest editorialists. His articles show a keen insight into world affairs, and he reflects a kind of Americanism which is attractive to me. In the Star recently, among other things, he said:

Maybe the French Government and the French people will not realize for some time to come what they have truly lost by the debacle in Indochina.

For one thing they have lost in America some of that wholehearted faith which has prompted the Congress to spend nearly \$1 billion a year to help the French hold out in Indochina. They may have lost also a reliance by this country on the will of France to fight if the Communist invader marches across Europe. In either case, it's a damaging blow to the prestige of France. For never before has the weakness of the French as an American ally been so dramatically demonstrated, and it cannot but hasten the agonizing reappraisal which America will be asked to make now in order to concentrate her money and her manpower on the defense of this country.

It is an open secret that American military men have grown increasingly skeptical about the wisdom of maintaining large American forces in Europe which could be faced with the necessity of an emergency evacuation if some future French cabinet suddenly decided to appease the Communist aggressor, as has just been done with Indochina.

For several months now the French Government has dilly-dallied with the European Defense Community plan. It is well known that the principal opposition inside France to the continuance of the Laniel cabinet was not its inability to liquidate the Indochina war but its sponsorship of the EDC plan. Now, with the Indochina truce a matter of history, the question is whether the cabinet of Mendes-France will dare to go ahead with the ratification of the EDC agreement. The prospect is a doubtful one, and, while not rejecting the EDC plan out of hand, an evasive maneuver may be begun to amend the plan. This could amount to the same thing as scuttling it.

The 100 Communists in the French Parliament, plus the leftwing groups there, are bitterly opposed to EDC, and with the rising tide of Moscow's prestige—manifested dramatically by her domination of the Indochina settlement—the real undercover campaign of the Soviet Government now will be to try to kill EDC.

America has an important airbase in Morocco. The Communists are fomenting more trouble there, as they are in Tunisia. The northern borders of Africa are infested with Communist saboteurs who are bent on stirring up friction. The present Cabinet in Paris is well aware of the danger of more revolutionary disturbances in Tunisia and Morocco and is inclined to adopt a conciliatory course and to try giving the nationalistic elements some important concessions. These probably will not satisfy them, or at least the Communist mischief makers will see that they do not end the trouble.

His summary of the Geneva Conference—and he attended some of those ses-

sions, conferred with Mr. Churchill and the Premier of France in person, as well as others in authority—appearing in the July 30 issue of the U. S. News & World Report—should be read and digested by all Americans. It is entitled "Conscience Takes a Holiday." I take pride in quoting him:

Once again, as at Munich in 1938, the democratic Governments of Britain and France have compromised their honor and made an abject surrender on the altar of expediency.

For the Geneva agreement on Indochina is no settlement. It is an appeasement. It is an act of moral cowardice. It will cost the governments who signed it more in prestige throughout the world than they ever will gain by their transparent attempt to glorify what they have just done as a step toward a so-called peace. Indeed, it may involuntarily bring on in the end the large war that the truce was designed to avoid.

For, despite the soothing words uttered for diplomatic reasons last week by our own officials, who, to their credit, refused to sign the agreement, the fact remains that it is a shameful chapter in the annals of free governments.

On April 28 last, at the opening of the Geneva Conference, Secretary Dulles warned his colleagues as follows:

"Peace is always easy to achieve—by surrender. Unity is also easy to achieve—by surrender. The hard task, the task that confronts us, is to combine peace and unity with freedom."

We have just witnessed the surrender of 12 million persons to Communist rule, with the prospect of another 11 million going the same route in a few months.

Neither peace nor unity nor freedom is in store for the peoples of Indochina.

For a long time we have heard the specious cry that the real issue in Indochina was French colonialism, even though the granting of full independence for the three states of Indochina has actually been under way.

Now these same states must bow to Communist colonialism. As for "independence," they will get the kind of independence that has come to Poland, Czechoslovakia, Bulgaria, Rumania, Hungary, Latvia, Estonia, and Lithuania—the living examples of modern slavery.

The Government of France engineered the surrender. The French Parliament is plagued by a bloc of 100 Communists who apparently care more about Soviet Russia than they do about France. They wouldn't even rise in tribute recently to the heroes of Dien Bien Phu when all the other members stood in respect for the dead.

It was the leftwing in Paris which forced the liquidation of the Indochina war. No Cabinet could stand if it refused to accept defeat in Indochina.

A fifth column brought about the surrender of France in 1940, and fifth-column influence accomplished the surrender of Indochina by the French in 1954.

Here is a classic example in which the fate of freedom in the world for millions of innocent persons is decided by the peace-at-any-price politicians of one country. America stood ready to aid, even with military force, but the French defeatists wouldn't agree to make the issue international, as it was in Korea. Even though this had been done, it might have been futile. For a veto by France against the use of maximum military power by the Allied commanders would have been in effect, and American lives might have been wantonly sacrificed. It is pertinent to recall that the obstinate refusal of the British and French Governments in 1950 to let General MacArthur bomb bases in

Manchuria led in 1953 to the ignominious truce forced upon the United States in Korea.

The American Government in its Indochina policy has been consistent and honorable throughout, but it could not itself veto a unilateral decision of the French Cabinet.

Political expediency rules the day. "Peace at any price" has been substituted in Europe for honorable persistence in behalf of the moral law of mankind.

This can only embolden the aggressors and cause them to risk a try at further encroachment.

It can only weaken confidence everywhere in the leadership of the Western alliance.

It can only drive into the orbit of the Communist coalition those smaller countries of Asia whose cooperation in the defense of that area against Communist aggression is so vitally important.

It can only stimulate Moscow to complete the wreckage at Paris of the European Defense Community.

It can only cause many millions of Americans to lose faith in the sincerity of the British and French Governments and to urge an "agonizing reappraisal" of American foreign policy.

It can only cause many of us to wonder whether American troops now based overseas may be subjected to a sudden jeopardy by a fateful turn in the policies of some volatile French Cabinet of the future.

It can only cause a political upheaval inside West Germany, where a movement to appease Soviet Russia is already under way.

For tragedy inevitably follows tragedy when moral principle is abandoned and conscience takes a holiday.

Now I wish to be a little more specific. I oppose section 414 of this bill. Its conceptions and consequences are too far reaching to treat upon fully in the brief time I have allocated to myself. It is an insurance guaranty program introduced for the first time in these give-away programs styled for mutual aid and mutual security. It is an RFC plan or scheme on an international basis guaranteed by the United States. Have we not seen revealed here in our midst the schemes and near frauds and wiles we have in our home loan operations to satisfy us that we should never undertake on an unlimited scale or worldwide basis a program of these proportions. If section 414 is adopted we start winding a ball we will never be able successfully to unwind.

Is it not bad enough to see our guaranties spoil on us here under our noses in our housing program? The windfall profits, the high appraisals, the high rents and the newly made rich—do we want more?

Mr. President, if the Congress adopts section 414 and sets up the machinery for its administration we create opportunity for scandal and wrongdoing beyond the ability of any of us to predict. I wonder whose brainchild this scheme is. The sweet honeycombed words about free enterprise are wholly insufficient to shield the danger lurking in an adventure of this sort. What have we come to, Mr. President? It is bad enough to tax our people and give away the money extracted from their earnings for the aid of our friends and so-called friends. Are we also to guarantee the investment of every Tom, Dick and Harry in every conceivable scheme that the one-worlders can devise? This section 414 standing alone would fully justify

our calling this program to an immediate halt. Do the men in this program not have any sense at all of the natural limitations on our abilities?

In April 1952 there appeared in the Washington Times Herald the following news item:

A total of 7,293 Europeans and 225 Orientals have received free tours of the United States in the last 2 years at a cost of \$14,611,000 to the American taxpayers, the Mutual Security Agency reported yesterday.

The visitors came here to learn the advantages of our way of life and to learn the production skills of our farms and factories.

The governments of the visitors in most instances paid their transportation to the United States, MSA said. Once they got here, however, Uncle Sam started picking up their tabs.

In most cases, the visitors have been given \$12 a day by our Government to pay their board and room. It also supplied them with free railroad, plane and bus tickets for extended tours about the country.

The figures supplied by MSA indicate that it has cost the taxpayers an average of \$1,943 for each visitor receiving one of the MSA trips.

"Approximately 150 delegations from more than a dozen countries participating in the MSA technical-assistance program will study and observe foundry operations in the United States during the next 2 months," an MSA report said.

"One of the most carefully integrated series of projects under the ECA-MSA technical assistance program will reach a high point in April, when 20 leading research representatives from 9 Western European countries arrive for a 7-week study of United States and Canadian applied research institutions," another part of the report said.

"To help Austrian enameling firms make operational improvements that will be reflected in higher wages and lower prices, a 5-week study program in the United States is being arranged for 10 representatives of the industry," the report said elsewhere.

I dare say not a member of this body in this election year would for a moment attempt to justify the waste referred to in this article. If we cannot justify it to those we speak for here, there must be something in it that is inherently bad. Very frankly, the people of South Carolina in my judgment did not send me here to squander their tax dollars to help Austrian enameling concerns to make operational improvements that will reflect higher wages and lower prices in Austria. How in the name of heaven such an expenditure can be said to be mutual aid or for our national security is simply beyond my comprehension. I am told there are just as many more wildcat schemes as this one being promoted at the expense of the hard-taxed American people. When, Mr. President, are we going to do something for our own here at home?

The luxury of smoking is not one of my tax burdens. Many Americans enjoy smoking cigars and cigarettes. I imagine the greater part of the male element of the constituency which I have the honor to represent enjoys smoking. I am told that the actual cost of the production and marketing of an average pack of cigarettes is around 7 cents. The average price for a pack is 21 cents. Who gets the difference of 15 cents? The tax collector for the State and the United States Government. This is an

item affecting a great many of our people's pocket book. There are hundreds of other items. Some are necessities, not luxuries. Yet we wring, in the form of hidden taxes, millions and millions of dollars from the American people and squander them in these base and senseless give-away programs.

How many American people are acquainted with Mr. Stassen's operation-reindeer program of last year? What a trip Santa Claus made at the expense of the American people. Over \$15 million of our foreign aid money was spent buying Christmas presents. We have officials over there falling all over themselves in this foreign-aid program. None of them could inspect the giving away of this Christmas cheer. Mr. Stassen had to select four couples here to go abroad at our expense to report back to us on the success of operation reindeer. They each received this free Christmas vacation abroad and were paid in addition \$25 per day. They sent a man and his wife in each instance. The Comptroller General ruled that the items could not be questioned. The reason is we have given a blank check of billions of dollars to be spent in somebody else's judgment.

Messrs. SMITH, ADAIR, BENTLEY, and Mrs. CHURCH, all Republican members of the Foreign Affairs Committee of the House, submitted a minority report in opposition to H. R. 9678. Among other things they said:

Our failure to agree with the philosophy and lack of realistic direction in this bill in no sense indicates any less interest on our part than on the part of those who support this bill in believing in the danger of communism and in the necessity for arousing the free world in defense of its principles and of its very existence. But it is our firm conviction, as it was last year, that we may be in more danger by clinging to old methods and by using wornout and discredited tools if, by refusing to question the success of those methods, we delay in reappraising the desperate situation in which the world finds itself and United States policy with respect to that situation.

We have grave doubts concerning the patchwork mutual security program and its philosophy of materialism. We have grave doubts as to the wisdom of relying on huge grants of money and weapons as the core of our foreign policy. We have doubts as to the intensions or willingness of our so-called allies. In short, we have doubts concerning the size, direction, and the haste with which this program is being considered in the light of the present state of uncertainty. * * *

* * * There exists in our minds a grave and fundamental question concerning the wisdom of enacting now what is considered permanent legislation. This is particularly so in view of the unsettled world conditions which become even more unsettled with each passing day and the widespread uncertainties in high places as to our own foreign policy. * * *

* * * The concept of the European Defense Community, as has already been indicated, has to date been a failure. Even if the European Defense Community Treaty should be ratified, we feel that the long delay and the strains and suspicions such delay has brought to the collective security effort in Western Europe may have defeated the very purpose of that organization.

What that minority of Republicans who are adverse to this bill said to the

membership of the House, may I repeat to the Senate:

(1) We are not so desperate that we must authorize nearly a billion dollars to be used in southeast Asia and the Pacific without any knowledge of how, when, and where.

(2) We are not so desperate that we cannot extricate ourselves from reliance on unwilling and vacillating associates in the family of nations.

(3) We are not so desperate that we must rely on defunct governments and colonial regimes.

(4) We are not so desperate that we must continue with an outmoded and steadily failing patchwork of foreign policy programs.

(5) We are not so desperate that we cannot summon up our genius, ingenuity, and varied capacities to bring to the world at least a partial answer to its troubles.

(6) We are not so desperate that our only contribution to the world's problems must be money and weapons, with the resultant disdain which they create for us.

(7) We are not so desperate that we dare not exercise a leadership—spiritual, moral, and political—worthy of a great heritage and of a great people.

We feel compelled to remind the membership of this House that we stated last year, as we state now:

"It would therefore seem to us particularly essential that we evaluate the present program in the light of what similar programs in the past have failed to accomplish; and from the point of view of whether or not it offers fulfillment of pledges made to the American people."

Responsibility in world affairs is a serious matter for the future of our Nation and its people. It calls for the courage to admit past and present failures and the fortitude to chart a new course.

Since World War I, certain countries are in default in loans to them for that war, yet we still furnish the money for further loans through the Export-Import Bank. The figures are enough to alarm us all. Here they are:

Country	World War I debt	New loans Export-Import Bank
Austria.....	\$26,024,539.59	\$3,256,499
Belgium.....	570,107,077.60	84,749,880
Finland.....	7,286,040.18	90,305,000
France.....	5,280,785,801.87	1,121,308,609
Greece.....	40,360,255.10	13,689,519
Italy.....	2,107,012,659.34	52,209,791
Poland.....	363,822,784.20	40,117,432
Yugoslavia.....	65,861,718.78	54,767,855
Total.....	8,461,260,876.66	1,460,504,585

Finland has done well. She is paying off her debt. She owes only a little more than \$7 million.

Now England has kept alive her arrearages from World War I, by paying the interest and making a few curtails of the principal. Notwithstanding this, however, England owes us from those earlier loans a balance of \$7,630,859,-301.93.

Mr. President, no harm can come to us or any program we have or may formulate if we defer the consideration of the bill for 1 year.

To summarize, Mr. President, I am opposed to the bill because (a) it is based upon false premises; (b) its like predecessors are known failures; (c) a new policy is overdue, and the policy this bill pursues has failed; (d) its provisions amount to an unlimited delegation of

our power of legislating; (e) the bill is an authorization of power to spend with no authority retained to supervise that spending; (f) its provisions are too elastic, indefinite and uncertain; (g) its provisions will not accomplish its objectives.

While the problems affecting our foreign affairs are gigantic, we ought, by careful study and the application of common sense, be able to solve them. This, I am afraid, we are not doing and for these reasons, I oppose the passage of the pending bill.

Mr. President, realizing the attitude of the Senate, realizing that the bill will have to be voted upon, and that amendments will be offered, I send to the desk an amendment which I believe will help the American farmer. I ask to have the clerk read the amendment.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 110, line 17, after the dash it is proposed to insert "(a)."

On page 111, between lines 10 and 11 insert the following:

(b) So long as (i) funds are available to reimburse the Commodity Credit Corporation as provided in this subsection, and (ii) sufficient stocks of Commodity Credit Corporation remain available, any nation eligible for assistance under any provision of this act shall be eligible for assistance under this subsection. Any such nation purchasing any surplus agricultural commodity either—

(1) with foreign currency under subsection (a) of this section or title I of the Agricultural Trade Development and Assistance Act of 1954, or

(2) with dollars or other media of exchange

shall be furnished by grant from stocks of the Commodity Credit Corporation an additional quantity equal in value to one-half of that part of the quantity so purchased which exceeds the average quantity (of United States origin) purchased by such nation during the 3 years preceding the enactment of this act. So much of the funds authorized to be made available pursuant to this act as may equal the export value, as determined by the Secretary of Agriculture, of the commodities required to be granted under this subsection shall be used to reimburse the Commodity Credit Corporation for such commodities. All surplus agricultural commodities owned by the Commodity Credit Corporation shall be available for sale at the fair export value thereof to nations eligible for assistance under this act.

The PRESIDING OFFICER (Mr. GOLDWATER in the chair). Does the Senator from South Carolina desire his amendments to be considered en bloc?

Mr. JOHNSTON of South Carolina. It is in reality only one amendment.

The United States in maintaining and protecting its own economy has acquired agricultural commodities which are surplus to its needs. We have surpluses of cotton, corn, wheat, and many other agricultural commodities, sufficient for a whole year. We have dairy products so much in surplus that we do not know what to do with them. Many of these commodities are needed by friendly nations which are not in a position to pay the full price for them. The amendment proposes that these commodities instead of tax dollars be used to assist these countries. The amendment provides that the Commodity Credit Corporation

shall give one unit of any surplus agricultural commodity for each 2 units purchased by any country eligible for assistance. The two units purchased might be purchased with foreign currency under either the Agriculture Trade, Development, and Assistance Act of 1954, or section 402 of the bill, or might be purchased with dollars or anything else of value acceptable to the Commodity Credit Corporation. The gift shall not take effect until the country exceeds the average quantity purchased of United States commodities of United States origin by such nation during the 3 years preceding the enactment of this bill.

Mr. SCHOEPEL. Mr. President, will the Senator yield for a question?

Mr. JOHNSTON of South Carolina. I yield.

Mr. SCHOEPEL. I have noted with interest what the distinguished Senator proposes by his amendment. I take it the Senator is having some difficulty in agreeing to the Senate committee amendment covering certain phases of the subject he is discussing.

Mr. JOHNSTON of South Carolina. That is true.

Mr. SCHOEPEL. Does the Senator agree generally with the provision which was included in the House bill, in section 402?

Mr. JOHNSTON of South Carolina. I do not recall the section of the House bill to which the Senator from Kansas refers.

Mr. SCHOEPEL. If the Senator will indulge me, section 402 of the House version, entitled "Earmarking of Funds," provides as follows:

Of the funds authorized to be made available pursuant to this act, not less than \$500 million shall be used to finance the purchase and export of surplus agricultural commodities, or products thereof, produced in the United States, and foreign currency proceeds therefrom shall be used for the purposes of this act pursuant to section 104 of the Agricultural Trade and Development Act of 1954.

I take it that the distinguished Senator does not agree with the Senate committee's version of the bill. Personally, the senior Senator from Kansas feels that the Houses provision is much better, and is more nearly in keeping with the intent of the Senate and the House.

Mr. JOHNSTON of South Carolina. I agree with the House version of the bill, to which the Senator from Kansas has called my attention, but I do not agree with the Senate version.

My amendment provides that the Commodity Credit Corporation shall give to a foreign country one unit whenever it purchases two, but the gift shall not take effect until the country exceeds the average quantity of commodities of United States origin purchased by such nation during the 3 years preceding the enactment of this bill. In other words, the purchases have to exceed the average of those 3 years before those countries will be given one unit in addition. That provision is intended to encourage other nations to purchase the surplus commodities we have on hand. If we are going to give money to other countries, let us provide that some of that

money shall be used so that we can get rid of some of our surplus commodities.

The export value of the commodity given away would come out of funds made available pursuant to the bill; and to the extent that eligible nations desired to avail themselves of the benefits of this provision, all of the funds so made available would be earmarked for this purpose.

It is not compulsory on any nation, but the incentive is held out to them and they are encouraged to buy surpluses which we have in America. We in effect say to those countries that the gift does not take effect until their purchases exceed what they have been buying during the preceding 3 years, and then we tell them, "Buy two units, and we will give you one free, but pay for what you purchase from the money which is given to you under the bill."

The PRESIDING OFFICER (Mr. GOLDWATER in the chair). The question is on agreeing to the amendment of the Senator from South Carolina [Mr. JOHNSTON].

All those in favor will signify by saying "aye"; those opposed, "no."

The Chair is in doubt. All in favor of the amendment please rise.

Mr. SMATHERS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. SMATHERS. Which amendment is now before the Senate?

The PRESIDING OFFICER. The amendment offered by the Senator from South Carolina [Mr. JOHNSTON].

Mr. SMATHERS. I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Goldwater	McCarran
Anderson	Gore	McCarthy
Barrett	Green	Millikin
Beall	Hayden	Monroney
Bennett	Hendrickson	Morse
Bowring	Hennings	Mundt
Bricker	Hickenlooper	Murray
Bridges	Hill	Neely
Bush	Holland	Pastore
Butler	Humphrey	Payne
Capehart	Ives	Potter
Carlson	Jackson	Purtell
Case	Jeaner	Reynolds
Chavez	Johnson, Colo.	Robertson
Clements	Johnson, Tex.	Russell
Cooper	Johnston, S. C.	Saltonstall
Cordon	Kennedy	Schoeppel
Crippa	Kerr	Smathers
Daniel	Kilgore	Smith, Maine
Dirksen	Knowland	Smith, N. J.
Douglas	Kuchel	Sparkman
Duff	Langer	Stennis
Dworshak	Lehman	Symington
Ellender	Lennon	Thye
Ferguson	Long	Upton
Flanders	Magnuson	Watkins
Frear	Malone	Welker
Fulbright	Mansfield	Wiley
George	Martin	Williams
Gillette	Maybank	Young

The PRESIDING OFFICER. A quorum is present.

The question is on agreeing to the amendment of the Senator from South Carolina [Mr. JOHNSTON].

Mr. WILEY. Mr. President, the distinguished Senator from South Carolina has, at the last moment, submitted this amendment. Personally, I have tried to

understand it. I have had several farm exports try to understand it and to help me in understanding it. The amendment presents more or less of a conundrum.

Mr. FLANDERS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Vermont will state it.

Mr. FLANDERS. Was not a vote begun? Are not we in the middle of a vote?

The PRESIDING OFFICER. No.

Mr. FLANDERS. Is the answer of the Chair in the negative?

The PRESIDING OFFICER. The answer is in the negative.

Mr. FLANDERS. I thank the Chair.

Mr. WILEY. Mr. President, the provision of the amendment, which has been submitted for the first time, and which we have seen for the first time, are such as to cause one to think twice in an effort to comprehend them. I have asked several distinguished Senator just what the amendment means.

I wish to say that the provisions of section 402 of the bill, entitled "Earmarking of Funds," were carefully worked out and were approved by both the administration and our committee.

The problem outlined in the amendment is too complicated to be legislated on hastily on the floor of the Senate.

The amendment would seem to disrupt the normal channels of trade. It provides, as I understand it, that if one country or another were to buy 2 bushels of wheat, a third bushel would be given to that country.

The amendment would have an adverse impact upon world prices. It would encourage dumping. The amendment would also adversely affect our relationships with friendly agricultural states, in my opinion. They would greatly disapprove of our selling agricultural commodities at prices below world prices.

The amendment would increase to an unpredictable extent the proportion of the funds under the program to be used for the purchase of agricultural commodities, and consequently would decrease the proportion to be used for other parts of the program.

Let me call attention to section 402 of the bill, entitled "Earmarking of Funds." It provides, in part:

Of the funds authorized to be made available pursuant to this act not less than \$350,000,000 shall be used to finance the transfer of surplus agricultural commodities or products thereof produced in the United States in addition to surplus agricultural commodities or products transferred pursuant to the Agricultural Trade Development and Assistance Act of 1954, and foreign currency proceeds therefrom shall be used for the purposes of this act.

Mr. President, I ask that the amendment of the Senator from South Carolina be rejected.

Mr. JOHNSTON of South Carolina. Mr. President, I think I should explain the amendment briefly. As everyone knows, at the present time we have large quantities of surplus agricultural commodities. I believe that every person who is interested in agriculture is try-

ing to do something to get rid of some of our surplus agricultural commodities.

To show that we are trying to do something, we passed this year a bill appropriating \$1 billion, which is supposed to constitute a revolving fund designed to assist in disposing of our surplus agricultural commodities.

This bill in section 402 authorizes the sum of \$350 million for the purpose of financing the transfer of such surplus commodities.

The House bill, as it came to the Senate, authorized \$500 million, instead of \$350 million.

The only thing my amendment does is to say to a recipient country, "You are under this plan of ours to be given assistance; you are promised so much money; you are entitled to so much. If you care to do so, you can put yourself in a position to get the money provided you buy with it farm commodities whatever they may be to the extent you may need them. When you have purchased, on an average, what you have been purchasing during the past 3 years, then for every 2 units of particular commodity you purchase we will give you 1, and it will be paid for out of the \$350 million contained in this bill."

Mr. THYE. Mr. President, will the Senator yield for a question?

Mr. JOHNSTON of South Carolina. I yield.

Mr. THYE. Would the Senator confine it to nations or would it be possible for an individual to participate?

Mr. JOHNSTON of South Carolina. It is confined to a Nation; it is for them to say that they have bought the commodities—not any one individual, but a Nation.

When the nation buys as much, on an average, as it has during the preceding 3 years, then we say to that nation, "You can avail yourself of this provision, if it is agreeable both to Mr. Stassen and to you."

Mr. THYE. Mr. President, if the Senator will yield further, may I ask then, if a nation that had not done business with the United States took advantage of the provision, it would immediately be privileged to buy 2 bushels, and be given 1 bushel; would it not?

Mr. JOHNSTON of South Carolina. My hat is off to anybody who wants to come to the United States for the purpose of buying our surplus commodities. I want to sell the surplus commodities. If a nation has never bought any of them let it come in. I want to build up new trade and sell our commodities.

The surpluses are causing trouble today, and we have to get rid of them. Until other nations buy them from the United States, we will continue to be in a bad fix.

Mr. FLANDERS. Mr. President, I wish to get some satisfaction on a parliamentary point. The Chair put the question on the amendment of the Senator from South Carolina, and some Senators said "Aye" and some said "No," and then there was a quorum call, and now the discussion proceeds.

I should like a clear picture of what we can do after the question has been

put, and Senators have voted "aye" and "no".

The VICE PRESIDENT. The Chair will respond to the parliamentary inquiry of the Senator from Vermont. The Chair understands that the previous occupant of the chair had announced that he was in doubt; consequently, the vote had never been consummated. Under the circumstances, therefore, additional debate is permissible.

Mr. KNOWLAND. I ask for the yeas and nays on this amendment of the Senator from South Carolina.

The VICE PRESIDENT. Is there a sufficient second?

The yeas and nays were ordered.

The VICE PRESIDENT. The legislative clerk will call the roll.

The legislative clerk called the roll.

Mr. CLEMENTS. I announce that the Senator from Ohio [Mr. BURKE], the Senator from Virginia [Mr. BYRD], the Senator from Mississippi [Mr. EASTLAND], the Senator from North Carolina [Mr. ERVIN], the Senator from Tennessee [Mr. KEFAUVER], and the Senator from Arkansas [Mr. MCCLELLAN] are absent on official business.

I announce further that if present and voting the Senator from Ohio [Mr. BURKE], and the Senator from North Carolina [Mr. ERVIN] would vote "nay".

The result was announced—yeas 32, nays 58, as follows:

YEAS—32

Anderson	Johnson, Colo.	Monroney
Chavez	Johnson, Tex.	Morse
Clements	Johnston, S. C.	Mundt
Dworshak	Kerr	Murray
Ellender	Kilgore	Neely
Gillette	Langer	Russell
Gore	Lehman	Stennis
Hennings	Mansfield	Symington
Hill	Maybank	Welker
Humphrey	McCarran	Young
Jackson	McCarthy	

NAYS—58

Aiken	Flanders	Millikin
Barrett	Frear	Pastore
Beall	Fulbright	Payne
Bennett	George	Potter
Bowring	Goldwater	Purtell
Bricker	Green	Reynolds
Bridges	Hayden	Robertson
Bush	Hendrickson	Saltonstall
Butler	Hickenlooper	Schoeppel
Capehart	Holland	Smathers
Carlson	Ives	Smith, Maine
Case	Jenner	Smith, N. J.
Cooper	Kennedy	Sparkman
Cordon	Knowland	Thye
Crippa	Kuchel	Upton
Daniel	Lennon	Watkins
Dirksen	Long	Wiley
Douglas	Magnuson	Williams
Duff	Malone	
Ferguson	Martin	

NOT VOTING—6

Burke	Eastland	Kefauver
Byrd	Ervin	McClellan

So the amendment of Mr. JOHNSTON of South Carolina was rejected.

MESSAGE FROM THE HOUSE—ENROLLED BILL SIGNED

A message from the House of Representatives, by Mr. Bartlett, one of its clerks, announced that the Speaker had affixed his signature to the enrolled bill (H. R. 7839) to aid in the provision and improvement of housing, the elimination and prevention of slums, and the conservation and development of urban communities, and it was signed by the Vice President.

THE JUNIOR SENATOR FROM WISCONSIN

Mr. FLANDERS. Mr. President, I call up the resolution of censure which lies on the desk.

The VICE PRESIDENT. The clerk will read the resolution.

The CHIEF CLERK. The Senator from Vermont proposes the following resolution (S. Res. 301):

Resolved, That the conduct of the Senator from Wisconsin [Mr. MCCARTHY] is unbecoming a Member of the United States Senate, is contrary to senatorial traditions, and tends to bring the Senate into disrepute, and such conduct is hereby condemned.

Mr. KNOWLAND. Mr. President, will the Senator yield at this point?

Mr. FLANDERS. I yield.

Mr. KNOWLAND. Mr. President, I merely wish to say that we have a large attendance of Senators tonight, and undoubtedly will continue to have during the course of the evening. The galleries are full. A number of persons are standing around the walls of the Chamber. I hope everyone will recognize that the rules of the Senate do not permit indications of approval or disapproval. It will be difficult enough to carry on the debate this evening, and we shall need the cooperation of everyone present in order that there may be no demonstrations of any kind.

Mr. FLANDERS. Mr. President—

The VICE PRESIDENT. The Senator from Vermont is recognized.

Mr. FLANDERS. A resolution of censure of one of its Members by the Senate is a serious but not unprecedented matter. The most recent case occurred in 1929 when a Republican Senator censured a Republican Senator for introducing an unauthorized person into the executive sessions of his committee. This matter is indeed a serious one. It is therefore important that a bill of particulars be offered to support the motion of censure. My own list of particulars I now proceed to offer though other Senators will have many other matters in their minds besides those which I am specifying.

Item 1: In my talk on the Senate floor on June 11 I called the attention of the Senate to the fact that in the closing days of the 82d Congress serious charges were made against the junior Senator from Wisconsin. A subcommittee of the Rules Committee felt that those charges were so serious that they addressed to the junior Senator from Wisconsin—hereinafter designated as the Senator—a list of questions. Neither at that time nor now do I pass any judgment on the charges on which these questions were based. What I do charge is that the Senator was repeatedly asked to reply to the questions and that he repeatedly refused or neglected to do so, classing them as smears and ignoring them. In so doing, the Senator showed personal contempt for the subcommittee. He likewise expressed doubts as to their honesty and as to their jurisdiction in the matters concerned.

The Senate itself, by a vote of 60 to 0, upheld the honesty and the jurisdiction of its committee and subcommittee. The personal contempt of the Senator was thereby spread over the Senate as

a whole and there it remains to this day.

It may be objected that all of this relates to old and forgotten matters. They are old but not forgotten. The Senator cannot pass them off lightly on that account, however, because he habitually digs up matters of far greater age and does not hesitate to use them against any one whom he calls before his committee or its subcommittees.

As a matter of fact, there is no statute of limitations which runs against this kind of contempt because it is personal, not legal. It remains upon us indefinitely unless and until the Senator chooses to cleanse himself by answering the questions.

If he continues to refuse answering, he finds himself, however informally in the same category as the fifth-amendment Communists. He is quite evidently occupying the same ground and can scarcely avoid being called a fifth-amendment Senator.

This first item of the bill of particulars affects the Senate's honor and is therefore pertinent to the resolution which has just been read and supports its importance and validity.

Item 2: In the spring of 1953 the Senator sent abroad a pair of investigators named Cohn and Schine who were instructed, we suppose, to seek for subversion, Communist literature, and other Communist influences in our embassies and operational staffs abroad. He is responsible for the words and acts of these men. He appointed them. He has never repudiated their words and acts.

This ineffable pair was frivolous and irresponsible beyond words to describe. We took that expedition too lightly. We were amused by it, albeit in a rueful sort of way. But Cohn and Schine caused no amusement in Europe. They caused amazement that led to serious doubts as to the seriousness, responsibility, and intelligence of this Government as represented by emissaries of its upper legislative chamber. No one can know the dismay which was spread among our friends abroad unless he has heard it from those friends at first hand.

This calamity came at a time when the responsibility for world leadership could not be escaped by this Nation if we were not to see the world crumble to ruins around us in a destruction which we will ultimately share. Here again the Senate's honor and, in addition, the Nation's honor, have been compromised by the Senator's responsible staff and here is another major item in the bill of particulars.

Item 3: The Senator has an habitual contempt for people—

Mr. WELKER. Mr. President, will the Senator yield?

Mr. FLANDERS. I yield.

Mr. WELKER. Let me say to the Senator from Vermont that I will not consent to the first sentence of item No. 3. No matter what the Senator from Vermont may think of the Senator from Wisconsin and his investigation of communism, I happen to know that he does not have a contempt for people. He loves my child and my wife, and he loves the children of almost every other Senator. I will not allow that statement to go unchallenged.

Aug 3, 1954

directed toward helping family-size farms (pp. 12452-3).

15. COMMODITY EXCHANGES; COFFEE. Reps. McCormack, Hope, and Jackson discussed the bills to add coffee to the Commodity Exchange Act. Rep. Hope said the proponents of such legislation made a weak case during the hearings, that the Agriculture Committee is studying the subject further in connection with the recent report of the Federal Trade Commission, and that he does not believe such legislation will be passed at this session (pp. 12415-6).
16. COMMITTEE STAFFS. A report on committee staffs was inserted in the Record (pp. 12456-61).

SENATE

17. FOREIGN AID; SURPLUS COMMODITIES. Passed, 67-19, with amendments H. R. 9678, the mutual security authorization bill (pp. 12467-510). By a 45-41 vote, adopted Long amendment limiting authorization for appropriations under this measure to \$2,559,000,000 (pp. 12495-6). Sens. Wiley, Smith (N. J.), Hickenlooper, George and Green were appointed conferees (pp. ~~12510-1~~ 12509-10).

The committee report states:

"Section 402 of the present bill earmarks not less than \$350 million for the purchase of surplus agricultural commodities. It is made clear that this is in addition to surplus commodities transferred under the Agricultural Trade Development and Assistance Act of 1954. It is also made clear that foreign currencies arising from the sale of commodities under this section are to be used so far as practicable for the same purpose for which the dollars used to finance the purchase of the commodities were originally programed. This provision will insure that if, for example, direct forces support funds are used to purchase surplus agricultural commodities, the foreign currency accruing from that sale will also be used for direct forces support to the extent practicable."

The Armed Services committee reported (July 29) with amendment S. 3818, to provide for family quarters for personnel of the military departments of the Department of Defense and their dependents (S. Rept. 1994). The bill as reported would authorize the Secretary of Defense to procure family housing for military personnel in foreign countries through the use of foreign currencies in accordance with Public Law 480, 83rd Cong., the Agricultural Trade Development and Assistance Act of 1954, and Department of Defense appropriations would be made available for reimbursement to CCC in an amount equivalent to the dollar value of the currencies used.

18. SUPPLEMENTAL APPROPRIATION BILL, 1955. Began debate on this bill, H. R. 9936 (pp. 12511-552), agreeing to committee amendments and Sen. Fulbright's amendment to increase by \$1.5 million funds for Farmers Home Administration loan authorizations (pp. 12545-6).
19. NOMINATION. Confirmed nomination of Earl L. Butz to be a member of the Board of Directors of CCC (p. 12558).
20. MEXICAN FENCE. The Interior and Insular Affairs Committee ordered reported without amendment S. 114, authorizing appropriations for the construction, operation, and maintenance of the western land boundary fence project, U. S. and Mexico (p. D935).

21. FORESTRY. The Agriculture and Forestry Committee reported with amendments S. 3601, to authorize the Secretary of Agriculture to extend until not later than Oct. 18, 1962, certain timber rights and necessary ingress and egress (S. Rept. 2206) (p. 12463).
22. RECLAMATION. The Interior and Insular Affairs Committee ordered reported with amendment H. R. 8520, to provide for construction of certain irrigation units in the Missouri Basin project (p. D935).
23. LANDS. The Interior and Insular Affairs Committee ordered reported without amendment H. R. 1797, conveyance of land to Okla. for use of the Eastern Okla. A&M College (p. D935).
24. FARM PROGRAM. Sens. Smith, Me. (for herself and Sen. Payne), Anderson, and Williams submitted amendments they intend to propose to the farm program bill, S. 3052 (p. 12464).
Sen. Anderson inserted a letter and other items in connection with an amendment he submitted to the farm bill providing for a National Forest Administration (pp. 12555-8).
25. LEGISLATIVE PROGRAM. Sen. Knowland announced that debate on the farm program bill will begin today, Wed., and that he hoped the Senate may be able to complete its consideration of the Senate version of the bill within 3 days. He expressed a hope that the calendar of bills may be called on Saturday and that by Mon. of next week he may be able to announce the remaining legislative program (pp. 12466-7).
26. PERSONNEL. The Post Office and Civil Service Committee ordered reported without amendment S. 3627, to amend the Civil Service Retirement Act regarding annuities, and with amendment S. 2631, to prohibit the payment of Government retirement benefits to persons convicted of certain offenses (p. D935).

ITEMS IN APPENDIX

27. ATOMIC ENERGY; MONOPOLY. Sen. Lehman inserted a St. Louis Post-Dispatch editorial, "It Took 13 Days," commending the Senate for its debate on the atomic energy bill and Senator Morse for "an unusual survey of the many agencies of Government that have responsibilities for preventing monopoly," including USDA and REA (pp. A5703-4).
28. COFFEE. Extension of remarks of Rep. Sullivan commending the Federal Trade Commission for its report on coffee price investigation and insertion of a press release summarizing the findings of the investigation (pp. A5705-7).
29. PERSONNEL. Rep. Price inserted a Washington Post and Times Herald article entitled, "CSC Action Opens Path to Control of Many Jobs by Patronage Forces," (p. A5716).
Rep. Multer inserted several editorials urging salary increases for Members of Congress and Federal judges, including the results of Cong. Howell's questionnaire containing opinions on continuation of farm price supports (pp. A5719-20).
30. PRICE SUPPORTS. Rep. Thompson, Tex., inserted two Wharton County Electric Cooperative resolutions urging continuation of 90% price supports and retention of control of atomic energy for the public welfare (pp. A5745-6).

bill, so that we can take up the farm bill tomorrow, I expect the Senate to remain in session until 10 o'clock tonight.

Mr. JOHNSON of Texas. I note that the majority leader has scheduled the supplemental appropriation bill prior to the farm bill. I want to make it abundantly clear that the minority has been ready for some time to proceed with the farm bill.

Mr. KNOWLAND. So has the majority leader, but we have had a few intervening problems to dispose of. I hope we may be able to dispose of the supplemental appropriation bill by this evening. If so, we will be able to begin consideration of the farm bill tomorrow.

Mr. JOHNSON of Texas. The scheduling of the supplemental appropriation bill ahead of the farm bill, while it is not displeasing to the minority, but agreeable, if it is the desire of the majority leader to do so, I assume is not being done because of any desire to postpone consideration of the farm bill.

Mr. KNOWLAND. I assume full responsibility for that. It is being done in accordance with the custom and usual procedure of the Senate, and in keeping with the rules, to give appropriation bills priority consideration.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. KNOWLAND. I yield.

Mr. HOLLAND. I did not hear the distinguished majority leader mention the omnibus navigation and flood-control bill, which is on the calendar.

Mr. KNOWLAND. I will say to the Senator from Florida that there are quite a number of bills of importance which I did not mention. I did not mean the list I gave to be all-inclusive. I was merely trying to give a week's preview of proposed legislation which the Senate would handle on a priority basis. I am not unmindful of the fact that the Public Works Committee has reported the bill to which the Senator from Florida has referred. There have also been reported to the Senate an unemployment insurance bill, a school construction bill, and quite a number of other bills which have been previously mentioned. I was not trying to give an all-inclusive list. All I was trying to do was to give Senators an idea of the legislative program for the next week or 8 days, and the order in which bills would be called up.

Mr. HOLLAND. If the Senator from California will yield further, as I understand, the majority leader does expect to give the Senate a chance to pass upon the omnibus navigation and flood-control bill.

Mr. KNOWLAND. I will say to the Senator from Florida that although the bill to which he refers has not been scheduled for action by the policy committee, it will be very difficult to know how much proposed legislation will be disposed of on the call of the calendar and how much will be left over after the call of the calendar. I have some doubt that the bill to which the Senator has referred will be passed on the call of the calendar, although it might be passed. However, until we know what has been disposed of on the call of the calendar on Saturday, it will be very difficult to

tell about the remaining legislative measures. I expect by Monday of next week to be able to make a further announcement to the Senate with respect to the remaining legislative program, depending on the progress we make on the measures I have listed. I recognize that the bill referred to by the Senator from Florida is an important piece of proposed legislation which is worthy of consideration.

Mr. JOHNSON of Texas. Mr. President, with reference to the omnibus public works bill, to which the Senator from Florida has referred, if we should be able to dispose of the bills on the calendar with reasonable dispatch, perhaps the majority leader could move to take up the omnibus navigation and flood-control bill following the call of the calendar on Saturday, because there is intense interest in that bill. I know of no deep opposition to it. It may require some discussion, but not prolonged discussion. I wonder whether the majority leader would bear that in mind in consulting with the policy committee, and perhaps we could work it out in that way.

Mr. KNOWLAND. I shall do that. Looking over the calendar, I think probably the calendar will occupy most of Saturday. It is a fairly long calendar now, and much has accumulated on it. In any event, I assume the public works bill will not require prolonged discussion. Whether it is scheduled for Saturday or the following week, we shall certainly give every consideration to it.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. KNOWLAND. I yield to the Senator from Vermont.

Mr. AIKEN. If consideration of the appropriation bill is concluded by 4:30 this afternoon, is it the intention of the majority leader to call up the farm bill and immediately proceed with it, or call it up and then lay it aside?

Mr. KNOWLAND. Pursuant to my statement to the Senate, not only last night but on prior occasions, as soon as we have finished the consideration of the supplemental appropriation bill, we will proceed immediately to the consideration of the farm bill. I hope we may be able to open debate on it immediately. If we should finish the foreign-aid bill and the supplemental appropriation in the afternoon or early evening, I hope we will move along as far as we can in the voting on any amendments offered to the farm bill, and stay with that bill until we have completed it. It will not be laid aside for any other measures. We may consider conference reports which will not take a prolonged period of time, but I certainly shall not expect to lay the farm bill aside until we have disposed of it, because undoubtedly it must go to conference. I think the distinguished junior Senator from North Dakota [Mr. Young] has indicated that he thinks the conferees will need from 3 to 5 days in conference.

Mr. YOUNG. That is correct.

Mr. KNOWLAND. I am desirous of getting it to conference as rapidly as possible.

Mr. AIKEN. Then it is entirely possible that we may put in several hours' work on the farm bill before 10 o'clock tonight.

Mr. KNOWLAND. I am prayerfully hoping that our schedule will run along so as to permit that to be done.

Mr. AIKEN. I am hopeful the discussion on the farm bill will not occupy several days. In fact, I do not know of any long speeches which have been prepared by those who favor flexible supports.

Mr. KNOWLAND. Undoubtedly there will be a number of yea-and-nay votes, which of course require some time. Nevertheless, I am hopeful we can expedite the passage of the bill.

Mr. AIKEN. I should be surprised if it were necessary to spend from 3 to 5 days in conference. I believe we shall find very quickly whether or not the House and Senate conferees are to agree on the proposed legislation. I believe that it would be futile to drag out the conference for several days if it should become apparent at the start that agreement was not possible.

Mr. KNOWLAND. I hope the majority leader has been a little conservative in his estimate of 3 days' time for consideration of the bill on the floor and from 3 to 5 days in conference. I am a little gun shy now in making predictions, so I would rather estimate a little extra time than to shorten it too much.

Mr. AIKEN. I can well understand that.

Mr. YOUNG. Mr. President, will the Senator yield?

Mr. KNOWLAND. I yield to the junior Senator from North Dakota.

Mr. YOUNG. I hope the Senator from Vermont did not mean to imply that the Senate conferees should say to the House conferees, "Take our bill or leave it." I believe there is room for compromise on both sides.

Mr. AIKEN. There certainly is, because there are several imperfections in the House bill which should be corrected, either on the floor of the Senate or in conference. I think the House Members themselves realize that there must be some modifications of certain provisions.

Mr. YOUNG. We ourselves will probably have plenty of amendments.

Mr. KNOWLAND. There is always a little give and take in such conferences.

Mr. BUSH. Mr. President, will the Senator from California yield?

Mr. KNOWLAND. I yield to the Senator from Connecticut.

Mr. BUSH. Can the Senator suggest when he believes the Senate may vote on the foreign-aid bill?

Mr. KNOWLAND. I have high hope that we may be able to dispose of the foreign-aid bill by midafternoon.

MUTUAL SECURITY ACT OF 1954

The Senate resumed the consideration of the bill (H. R. 9678) to promote the security and foreign policy of the United States by furnishing assistance to friendly nations, and for other purposes.

The PRESIDING OFFICER. If there be no further morning business, the

Chair lays before the Senate the unfinished business.

The bill is open to further amendment.

Mr. LONG. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Goldwater	McClellan
Bennett	Gore	Monroney
Bowring	Green	Payne
Burke	Hendrickson	Purtell
Bush	Holland	Reynolds
Butler	Johnson, Tex.	Smith, N. J.
Byrd	Knowland	Sparkman
Ervin	Langer	Thye
Ferguson	Lehman	Welker
Flanders	Lennon	Wiley
Frear	Long	Williams
George	Mansfield	
Gillette	Martin	

The PRESIDING OFFICER. A quorum is not present.

Mr. KNOWLAND. Mr. President, I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from California.

The motion was agreed to.

The PRESIDING OFFICER. The Sergeant at Arms is instructed to execute the order of the Senate.

After a little delay, Mr. ANDERSON, Mr. BARRETT, Mr. BEALL, Mr. BRICKER, Mr. BRIDGES, Mr. CAPEHART, Mr. CARLSON, Mr. CASE, Mr. CHAVEZ, Mr. CLEMENTS, Mr. COOPER, Mr. CORDON, Mr. CRIPPA, Mr. DANIEL, Mr. DIRKSEN, Mr. DOUGLAS, Mr. DWORSHAK, Mr. ELLENDER, Mr. FULBRIGHT, Mr. HAYDEN, Mr. HENNINGS, Mr. HICKENLOOPER, Mr. HILL, Mr. HUMPHREY, Mr. IVES, Mr. JACKSON, Mr. JENNER, Mr. JOHNSON of Colorado, Mr. JOHNSTON of South Carolina, Mr. KENNEDY, Mr. KERR, Mr. KUCHEL, Mr. MAGNUSON, Mr. MALONE, Mr. MAYBANK, Mr. MCCARRAN, Mr. MCCARTHY, Mr. MILLIKIN, Mr. MORSE, Mr. MUNDT, Mr. MURRAY, Mr. PASTORE, Mr. POTTER, Mr. ROBERTSON, Mr. RUSSELL, Mr. SALTSTONSTALL, Mr. SMATHERS, Mrs. SMITH of Maine, Mr. STENNIS, Mr. SYMINGTON, Mr. UPTON, Mr. WATKINS, and Mr. YOUNG entered the Chamber and answered to their names.

The PRESIDING OFFICER. A quorum is present. The bill is open to further amendment.

Mr. LONG. Mr. President, I call up my amendment, designated "7-28-54-E."

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 168, after line 21, it is proposed to add a new section as follows:

SEC. 547. Reduction of authorizations: Notwithstanding the foregoing provisions of this act, such provisions shall not be construed to authorize the appropriation, for the purposes of titles I, II, and IV of this act, of amounts (exclusive of unexpended balances of prior appropriations authorized to be continued available under such provisions) aggregating in excess of \$2,066,000,000.

Mr. LONG. Mr. President, I regret that it was necessary for me to insist that a quorum be called before I called up my amendment. However, it does

seem to me we owe the country the responsibility of careful accounting for the money of the taxpayers that is to be expended under the bill.

The bill would authorize the expenditure of \$12,849,000,000. I say that because the bill is necessary in order to authorize the expenditure of funds that have already been appropriated. In addition, the bill is necessary to authorize another \$3,100,000,000 of expenditures.

I regret that although I have made every effort to have a quorum of Senators present on the floor, I do not see more than 30 Senators present. The fact is that there are committee meetings in progress, and Senators feel that they have certain responsibilities toward those committees. They want to do their best to discharge those responsibilities, and they feel other Senators can inform them as to what is going on on the floor of the Senate in the course of the debate.

This is an example of the loose accounting of the taxpayers' money. I say that because at the very moment we are discussing how much of the \$13 billion we should spend, the Appropriations Committee is already marking up the bill as to how much money should be appropriated even before the appropriation is authorized.

The House of Representatives has already passed the appropriation bill, with a reduction of only about \$100 million or \$150 million from the authorizations provided in this bill; and that has been done before the Congress has even authorized the expenditure of the funds.

Mr. President, the amendment I have offered proposes that there be a reduction of one-third of the new money in this fund, but that will be a reduction of only about 7.2 percent of the money which would be on hand when this money is appropriated.

I believe that Senators do not realize, however, that the maximum amount the foreign-aid administrators have been able to spend is only about \$5 billion in 1 year. With this appropriation, they will have on hand \$12,849,000,000, or enough money to carry the program, at the maximum rate at which they have been able to spend American money overseas, for another 2 years and 3 months.

Would not it be fine if those who are interested in the development of the resources of this Nation could have their money on hand 2½ years ahead of time? Would it not be a fine thing if those who are interested in flood control, navigation, soil conservation, rural electrification, and housing in the United States could have on hand enough money to carry them 2½ years, even if Congress did not appropriate another 5 cents?

But if we were to reach that situation in regard to our own resources, Senators would rise on this floor and say that it was an outrageous thing, and that it was wasteful of public funds, to pile money on top of money, 2½ years in advance of the time when the money would be spent. Senators would say that, instead, year by year we should establish that each one of the items was necessary.

By contrast, our Foreign Relations Committee and our Appropriations Committee rapidly approve the newly recommended expenditures, and recommend the passage of these money bills, far in advance of the time that the money is needed.

I was impressed by the economies made in the military budget of the new administration. In studying them, having previously served on the Armed Services Committee, I was most impressed by the fact that the greatest reductions in proposed appropriations arose from discoveries by the new administration that the previous administration had been piling billions of dollars on top of the billions of dollars left on hand from previous years—billions of dollars that the armed services could not possibly spend during the next 2, 3, or even 4 years in some instances.

Having been chairman of the Subcommittee on Military Bases, I noticed the Armed Forces had had money on hand more than 3 years in advance of the time when it was needed for expenditure in developing many of the military bases. The same situation exists with regard to the funds we now have under consideration.

What I am proposing is that we require those in charge of this program to go back over the program and study it to see where reductions can be made in the proposed \$12,849,500,000 worth of expenditures.

Last year I was on the floor, urging that we reduce this foreign, overseas giveaway program. I admit that much of it is a good giveaway program; much of it is in the interest of our Nation. But I was urging that we reduce the program by \$500 million of the new money which was authorized in that connection. My amendment did not prevail, although I am pleased to say that a majority of the Republican Senators did vote for the amendment, and a goodly number of Democratic Senators also voted for it. The amendment failed by only a very small margin.

Mr. President, if my motion had prevailed last year, this year we would find that the Foreign Operations Administration would have on hand only \$9,249,500,000 of unspent appropriations—only enough to carry the program for another 2 years. As it is, thanks to the leadership of the distinguished chairman of the Foreign Relations Committee, the Foreign Operations Administration has on hand the great sum of \$9,749,500,000 of appropriations which have not been spent.

The previous year I also urged that we reduce some of the money that was being provided; I did so in the hope that we might get a better accounting of the taxpayers' funds. Once again I was unsuccessful, except I did succeed in shaving off a mere \$100,000,000. As a result, at the end of that fiscal year, and at the time when the corresponding bill was debated last year, we at that time had on hand, appropriated and unexpended, according to the Foreign Relations Committee, balances of \$10,061,000,000—only enough to carry on the program for a little more than 2 years with the money then on hand.

Mr. President, anyone who wishes to go overseas and see what happens to this money will find that this is the most loosely handled of any of the taxpayers' money, under any program of our Government. Let me state the reason why that is so. This money cannot be spent until some sort of agreement is reached with the foreign countries concerned. When Congress proceeded to appropriate the money in terms of lumps of \$5 billion, or \$4,500,000,000, at a time, our foreign administrators were not immediately able to obtain the agreements with the other countries they wanted for military aid.

In some instances they were not able to arrive at agreements for a long time. But that did not keep our administrators from coming back and requesting Congress for a second year's installment, although the first year's installment was still on hand. That made the overseas administrators feel that they should try to make up for lost time. The result was that they had on hand twice as much money as they could spend in that year.

What was the result in the foreign countries? Those administering the program felt they had a directive of Congress to find some way to spend the money in the foreign countries, although they had on hand twice as much money as they felt they could dispose of in 1 year. The result was that some of them were almost pleading that the foreign countries should accept the money. That is not a good way to give away money. If we propose to give away money, we should encourage those who will receive it to believe they are as much interested in the program as are those who are spending the money.

Mr. LANGER. Mr. President, will the Senator from Louisiana yield for a question?

Mr. LONG. I yield to the distinguished Senator from North Dakota.

Mr. LANGER. Is it not true that Sweden sent back to the United States \$20 million, and would not even accept it?

Mr. LONG. That is correct; and in instance after instance a foreign country has simply told us it was not interested in the program we had to offer, based upon the terms we were offering that country.

I had occasion to look at many of the instances in which foreign countries felt they were actually doing us a favor by taking our money and taking our arms. I once discussed this matter with an Englishman. I was discouraged to find how little this friend of mine was interested in the amount of foreign aid we were making available to his country. Finally I asked him, "If the worst comes, we Americans will save our country. The question in my mind is whether you Englishmen are interested in saving your country, because if you are not, from my point of view I am no more interested in saving you than you are interested in saving the liberty and freedom and sovereignty of your own nation." Oddly enough, he had never thought of it from that point of view, and it was rather strange to him to hear an American speak that way.

Mr. President, in the administration there are those who are interested in economy. But they get very little encouragement; and when they talk to representatives of foreign nations, the unfortunate thing about the program is that those representatives of foreign nations know that all they have to do is obtain a recommendation from the Foreign Operations Administration for additional funds, and then Congress will grant the funds. In some instances Congress will grant the funds even when they cannot be justified, and when the need for the funds cannot be fairly established.

Mr. REYNOLDS. Mr. President, will the Senator from Louisiana yield to me?

Mr. LONG. I yield to the distinguished Senator from Nebraska.

Mr. REYNOLDS. How does the Senator from Louisiana arrive at the proposed \$1 billion reduction called for by his amendment, which is one-third of the additional \$3 billion? Why does not the Senator provide in his amendment for eliminating the entire \$3 billion?

Mr. LONG. Frankly, I believe there is enough money without the \$3 billion. Certainly there is enough money on hand to carry on the program for 2 years, even if we were not to appropriate an additional 5 cents. That could be done simply by reprogramming some of the funds already on hand. However, as a practical matter, having tried to reduce this appropriation on the floor year in and year out, I am optimistic only to the extent of approximately \$1,033,000,000; and when we come to vote on the amendment, the Senator from Nebraska will find that even that reduction will be a very difficult one to make.

Mr. LANGER. Mr. President, will the Senator from Louisiana yield further to me?

Mr. LONG. I am glad to yield to the distinguished Senator from North Dakota.

Mr. LANGER. Is it not true that only a few days ago we tried to get rid of the entire \$3 billion, but we were voted down? So now we are trying to do the next best thing, by making a reduction of approximately \$1,033,000,000.

Mr. LONG. The Senator is entirely correct.

Mr. President, I believe that there is merit to this program. I believe that we should help our allies to arm themselves and be prepared. But I submit to the Senators that no program financed with American tax money is more wasteful than the program we are discussing. One reason is that this program is out from under the scrutiny of the average Senator and the average Member of the House of Representatives. If there is waste in expenditures for programs in this country it comes to the attention of Senators and Representatives more readily than does waste in our overseas program.

Let me give an indication of how loosely some of this money is being proposed to be expended. On page 255 and page 256 of the hearings Senators will find a discussion of Indochina. To the best of my understanding, in that area approximately \$450 million worth of

military equipment is stacked on the docksides still in crates in addition to billions of dollars of American money already spent in arming and paying the French and Vietnamese.

As Senators know the war in Indochina is over; a truce has been signed; and it has been agreed that there will be free elections in Indochina to see whether Vietnam goes Communist or whether the country is going to be free.

I regret to say that every American expert with whom I have discussed the matter has presumed that those elections will be lost to the Communists, and that all the billions of dollars worth of equipment we have sent to Indochina will go behind the Iron Curtain.

Nevertheless, there is more than \$450 million of military equipment on the docksides available to anyone in Indochina who would like to fight for the free world. Of course, the difficulty is that the people there do not seem to have the heart to fight with the free world on the democratic side of this issue.

In addition to that, it is my best understanding that between \$600 million and \$755 million of additional money are the pipeline. That money was committed to the Indochina theater at a time when a "hot" war was being fought there. Yet this bill fails to reveal that any consideration at all has been given to the fact that at a time when we are appropriating money at the rate of \$800 million for Indochina to fight a "hot" war, there is no "hot" war. As a result of the election to be held, there is serious danger that the Communists will win, and that the whole \$600 million already appropriated, plus the \$450 million of equipment will fall into the hands of our enemies rather than of our friends.

As though that were not bad enough, Mr. President, this bill contains another \$800 million for Indochina, in addition to the \$600 million in the pipeline, and the \$450 million worth of equipment already there, representing a grand total of far more than \$1 billion. The amount in this bill is about \$1,400,000 for a war that is no longer being waged, in an area where free elections are to be held, which, we are told, will probably result in the Ho Chi Minh forces winning rather than the free world winning. Yet according to this bill and report we are to pour another \$1,400,000,000 into that area.

Certainly that situation should be restudied. The committee should have said that we ought to hold up and see what is going to happen in Indochina before we send another \$800 million or another \$1,400,000,000 of additional equipment to Indochina.

Mr. President, Senators may say, "There is some flexibility in this program, and the money need not be sent to Indochina; some replanning can be done." But I will tell you that, with regard to the so-called replanning program of the proposed expenditures, the money for the other countries has already been provided for years in advance.

For example, let us look at the situation that exists in Europe. To countries in Europe we have already given away \$17 billion worth of arms and equipment,

in addition to what those countries can do for themselves.

For Europe there is on hand unexpended, \$5,683,100,000, \$2,527,000,000 of which is uncommitted and unobligated.

Senators may ask why we have such an enormous amount of money, \$2,527,000,000, unobligated in the European phase of the program. I suspect that the reason we have so much uncommitted and unobligated in Europe is that we hope that one of these days the European Defense Community proposal will be ratified, and our administrators would like to have on hand billions of dollars appropriated, unexpended, and unobligated, which they could use for arming the Germans.

Mr. President, \$2,527,000,000 certainly is enough to have ahead of time in the event that program is ratified. We have no reason to believe that the EDC is going to be ratified, and we have no reason to believe that the Germans are going to insist on being or are even willing to be rearmed in the event that program is ratified.

I recall very well when the distinguished Senator from Ohio, the late Senator Taft, made a great argument on the floor of the Senate against this whole program. At that time he argued that it was a mistake for us to take the attitude that we were more interested in preserving the sovereignty and freedom of any nation than that nation was in fighting for and preserving its own freedom and its own sovereignty. He said that the initiative for this program should come from the other countries; that they should be the ones to request this assistance from us rather than we being the ones to ask them to take our arms and our equipment. He said we would get much better results for our expenditures in that way. I have always been impressed by the fact that the late Senator from Ohio was right in his argument that we should show no more zeal in saving others than they show in saving themselves.

We have on hand \$5,683,000,000 for European countries. Would it not be a good idea for us to insist on knowing what is going to happen to the EDC before we proceed to pile a third or fourth year's increment on top of the enormous amount of funds already available?

I point out to Senators that in addition to the \$5,683,000,000 unexpended for military aid, there is another \$360 million for military defense support. That is the kind of appropriation the Europeans most like, because that means jobs and employment are provided in their factories, producing equipment by their efforts, but paid for at the expense of the American taxpayers.

This bill provides another \$900 million in addition to the \$6 billion already on hand for Europe, and in addition to the \$17 billion we have already given them.

Mr. President, I should like to call attention to the fact that when no war is going on the equipment given to a foreign country is not used up or destroyed as in the case of war. Last year's rifle is just as good as this year's rifle. It is still

a Garand rifle, and if it is properly maintained and properly kept and properly oiled and greased, it is just as good a rifle the second year as it was the first year. Rifles, tanks, airplanes, ships, and guns last for many, many years, and shells and mortars are still on hand; there is still left the \$17 billion we have given them already, in addition to the roughly \$6 billion on hand.

Mr. President, when this program was originally started we were told that the year 1954 was the year of greatest peril. We were told that this was the year in which we could expect the Russians to start a war, if they were going to start it, and we were told that we should build toward the year 1954.

We had about 5 years to do that. We have appropriated the amount of money this program originally contemplated when it was first put into effect, and we have roughly \$6 billion of that money still on hand.

In the opinion of the junior Senator from Louisiana, reducing this authorization \$1 billion will not prevent our allies from receiving 1 gun, 1 airplane, 1 knapsack that those nations have any need of during the next year.

There is flexibility in the program, so that the President can shift aid from one area to another. The committee's own report states that at the end of this fiscal year it is expected that \$7,368,800,000 will be on hand. That will be next year in 1955, when Congress will be in session.

If Senators wish to give all this money away, why give it away 2 years in advance? Why not wait until next year? We do not have to give it all away now. We shall be in session in January. Presumably in January there will have been spent only half of the \$5½ billion which could be given away during the next fiscal year. We would have on hand at that time approximately \$10 billion.

If we find at that time that we are not giving away our arms and equipment to our friends and allies fast enough, we can step up the expenditures and appropriations next year.

Therefore, it would be well for us to demand that a more careful accounting be made of this program, and that there be done with this program what was done with our own military program.

One of the most commendable actions taken by the Eisenhower administration was in January, when the Secretary of Defense, Charles Wilson, went over the whole program with respect to military bases. He had before him a request for \$4 billion. After studying the matter, he found he had enough money on hand to carry the program for another 2 years without the necessity of requesting new appropriations for military bases.

Thereupon he refused the request.

Likewise, he studied the plans for airplane procurement. As a result of his study, he found he had enough orders on hand and enough money on hand for airplane procurement to carry the program for another 4 or 5 years. He withdrew his request for additional appropriations. In other words, he found he had sufficient money on hand to carry

that program for a long time, and he therefore withdrew his request for additional funds.

Mr. President, we have enough money on hand to carry the foreign aid program for another 2 years. Of course, some Senators will say there is another reason why we should hand out money 2 or 3 years in advance of its need.

They will say that long lead times are required to produce some of these weapons. That is not true with respect to the kind of weapons we are giving away under this program. We are not giving away our latest model jet airplanes. We are giving away the older-type equipment. We are not giving away our fastest and most modern high-climbing aircraft.

We are giving away our older equipment, for use in areas of the world where an older product is just as useful and effective for the type of local actions anticipated.

If the Foreign Operations Administration wants to have more goods on order, I point out that there is \$2 billion worth of waste or "fat" in the Army's budget. That money could be used by simply switching that program of procurement to foreign aid, when the need is established.

There is approximately \$2 billion worth of "fat" or unnecessary funds in the Army budget. That could be used for foreign aid by placing some of the orders for tanks, for example, and simply transferring the equipment to foreign aid at a later date.

The orders could be placed, and it would be a simple matter to shift the money to foreign aid operations.

On July 9 I placed in the RECORD an article published in the Washington Post and Times Herald of June 21, 1954. It is entitled "Army Gets \$2 Billion Extra To Allay Fears." It was written by John W. Finney. The article is printed at page 9664 of the CONGRESSIONAL RECORD of July 9. It reads:

A Defense Department official has told Senators that \$2 billion in "fat" was left in the Army budget to allay public fears that America's ground forces were being cut too hard.

Lyle S. Garlock of the defense comptroller's office made the statement to members of the Senate Appropriations Committee recently in secret hearings on the administration's \$29 billion defense budget. The bill was approved by the Senate Thursday.

Garlock said the \$2 billion was appropriated in past years for Army procurement and production. It will not be used by the Army in fiscal 1955, but was left in the budget for public psychology, he said.

The administration's defense budget for the 12 months beginning July 1 is about \$5.5 billion below the funds provided by Congress for the current fiscal year. The Army would absorb about \$5.3 billion of the cut.

THE ARMY TO BE CUT

The administration's New Look military strategy calls for more reliance on air and new weapons retaliatory power and less on ground forces. Defense officials plan to cut Army strength from 20 to 17 divisions between now and June 30, 1955.

Testimony released by the Appropriations Committee shows that Senator LEVERETT SALTONSTALL, Republican, of Massachusetts,

chairman of the Armed Services Committee, first hit on the Army surplus as an easy target for a quick savings.

The Senator from Massachusetts [Mr. SALTONSTALL] is to be commended for finding that there was \$2 billion of unnecessary "fat" in the Army's appropriations for this year.

SALTONSTALL noted that the Army presently has about \$5 billion in past appropriations for procurement and production, and that by June 1955 some \$2 billion of this still will remain unobligated or unused.

He asked why it would not be a good idea to transfer this to some other fund, such as maintenance and operation and thus save it in new appropriations for the Army in the coming fiscal year.

IDEA HELD FEASIBLE

Garlock admitted that SALTONSTALL's idea technically was feasible since the Army has no plans to spend or obligate this \$2 billion in fiscal 1955.

But Garlock said strictly a policy decision had been made in the executive branch that it would be advisable to leave the money in the Army's pockets.

Garlock agreed with SALTONSTALL that the policy decision was based on psychology.

All I can say is, "Is not that fine?" We are asked to appropriate \$2 billion—which some persons do not consider to be a great deal of money. It would cost each family in America \$50—for psychological purposes, so that the people will not be afraid that we will be cutting the Army too much if we do not give it more money than it can possibly use.

The Army has enough money on hand to place such orders, if they are really needed, and after the orders are placed they can be transferred to Foreign Operations.

Foreign Operations has enough funds on hand to carry it for more than 2 years. What the junior Senator from Louisiana is hoping to accomplish is to make those in charge of the program come back to Congress and show how they can make savings in that program.

I have suggested where we could save far more than a billion dollars on the program for Indochina alone, so long as there is a truce in that area and so long as there is a grave danger that the arms we have already sent there will fall into Communist hands. Therefore, what we should be doing with regard to Indochina is to take some precaution to insure that the billions of dollars of arms we have already sent there do not fall into Communist hands.

In addition, there is the possibility of reprogramming and thus saving billions of dollars in the program for Europe. My amendment does not touch the technical-aid program. Relatively speaking, that program is a very small part of the total program for giving away billions of dollars of wealth to our friends and allies around the world.

I had hoped that we would be successful in demonstrating to those in charge of the program that we are at least interested in economy in this program, as in all other programs.

I should like to point out also to Senators that in many instances we are giving away obsolete equipment. In the areas where we are doing that it is not possible to win a war—at least not a

modern world war III type of war—with the kind of weapons we are giving those countries. Much of it is being done for psychological reasons, to encourage those countries to resist, and to make it clear that in the event Russia decides to attack it will have to commit a major force to the area, instead of a small group or a group of subversives. It would afford the United States the opportunity to consider its position and to be able to engage in warfare in that area in the event we should decide to become committed.

Mr. LENNON. Mr. President, I desire to comment on the amendment offered by the distinguished junior Senator from Louisiana [Mr. LONG] and to commend him for his action. I also wish to express my regret that all Members of the Senate were not present to hear the Senator's fine dissertation on what seems to be wrong with our foreign economic and military-aid program.

Mr. President, at the risk of being repetitious, I shall cite some of the figures which were given by the junior Senator from Louisiana. I think these figures are important. It is too bad that the Congress and the people of the Nation are not familiar with the figures and with the amount of money which has been spent during the past 12 or 14 years for both foreign military and foreign economic aid. I am told, Mr. President—and I am sure these figures can be verified, and in fact have been documented—that those charged with the responsibility of administering foreign military and economic aid had on hand on June 30 of this year \$9,749,500,000. That is money unexpended, now on hand. Of this amount, there was on hand \$2,604,300,000 of unobligated funds. I think that figure is significant.

Of course, we recognize, properly and rightly so, the distinction between unobligated funds on hand and funds which are obligated but not yet expended. However, the significant figure to my mind is the \$2,604,000,000 which is on hand, unobligated for any particular purpose.

Congress is now asked to appropriate \$3,100,000,000 of new money. If the authorization of \$3,100,000,000 is approved, those charged with the responsibility of administering our foreign military and economic aid program will have on hand for this fiscal year \$12,849,500,000. I repeat that figure. I want Members of the Senate and the people of America to know what those who are charged with the responsibility of administering this fund will have available for expenditure during this fiscal year. I repeat the figure is \$12,849,000,000.

Of this amount it is said—and I believe the statement can be documented—that on the basis of past and future commitments we shall have on hand on June 30, 1955, the sum total of \$7,360,800,000.

Mr. President, I wish that all Members of the Senate and the people of America were familiar with the figures which have been used today on the Senate floor. It is inconceivable to me, as I believe it is to most of the people of our great land,

that so much money can be spent beneficially or wisely during any 12 months' period for a program which apparently has failed to an appreciable degree for 12 years.

I recognize that in some areas both military assistance and economic assistance have been of great aid to the peoples and free nations of the world, but today I think we can count on our fingers, perhaps even on the fingers of one hand, the free nations of the world that have benefited by both our military and our economic foreign aid.

Furthermore, Mr. President, I think perhaps we can today count on our fingers—and again I say the fingers of one hand—those free nations of the world which have stood up and which are standing up to the onslaught of the communistic march.

I hope the amendment of the distinguished junior Senator from Louisiana will be adopted. I believe that if the people of America knew the amount of money which has been poured into what have been referred to time and time again as rat holes in far corners of the world, they would be here to petition their duly elected representatives in the Senate to call a halt to the continued spending for foreign economic aid.

As I said before, if the amendment of the distinguished Senator from Louisiana is adopted, there will still be on hand on June 30, 1955, 1 year from now, or at the end of this fiscal year, the sum total of \$6,326,700,000.

Mr. LONG. Mr. President, will the Senator yield?

Mr. LENNON. I am glad to yield to the distinguished Senator from Louisiana.

Mr. LONG. The Senator will see that the report states on page 12 that there will be even more than that. According to the committee's report there will be on hand an estimated \$7,360,000,000.

Mr. LENNON. When the Mutual Security Administrators begin to bandy around billions, they pay no attention to 1 billion; perhaps I am short 1 billion in my estimate of what they would have on hand.

Mr. LONG. Perhaps we are both talking about the same thing. If my amendment fails, there will be on hand \$7,360,000,000. If my amendment carries, there will be on hand at this time next year six-billion-three-hundred-and-thirty-some-odd-million dollars.

Mr. LENNON. I accept the correction from the junior Senator from Louisiana and say to the Senate that certainly, to my way of thinking—and I believe to the way of thinking of the majority of the people of the United States—those figures are an indication of the fact that we have appropriated tremendous sums for foreign aid and yet, as the Senator from Louisiana so ably pointed out, we continue piling up and putting into the hands of those charged with responsibility for this program enormous amounts of money which they cannot even anticipate spending any time in the near future.

Mr. President, I mentioned a while ago that on June 30 of this year those charged with the responsibility of administering

the foreign-economic and military-aid program had on hand \$9,749,000,000. This means that the sum total of \$4,250,500,000 was spent from June 30, 1953, to June 30, 1954.

It is now said that we are cutting down on foreign aid, especially foreign-economic aid. Let us see if that is so. Actually, if the bill now before the Senate is passed without the Long amendment there will be \$5,704,300,000 of new money and carried over, unobligated funds for the present fiscal year. That means that there will be available for the present fiscal year \$1,443,000,000 more than was spent during the past fiscal year. Yet there are those who say that we are making an honest effort to cut down foreign economic-aid spending.

Mr. LONG. Mr. President, will the Senator yield for a question?

Mr. LENNON. Yes.

Mr. LONG. If the Senator will subtract from the gross amount of funds which the administration will have on hand, which is \$12,800,000,000, the amount that it is expected to remain at this time next year, which is \$7,360,000,000, the Senator will see that the difference is \$5,489,000,000, which represents the most rapid rate at which we have given away money in the history of the country in this type of program.

Mr. LENNON. The Senator is eminently correct. It is a far departure, Mr. President, from a wise spending program for this purpose.

Mr. LONG. If the Senator will yield, I should correct my statement by saying that it is the most rapid rate at which we have given away money in the peacetime history of such a program.

Mr. LENNON. The Senator is correct. I think that statement is generally understood and accepted. It is a far departure from the statement of the present administration that it would lend its efforts toward economy in government, toward an honest effort to balance the budget, and, ultimately, toward reducing the national debt.

I recall that during the last week of July, last year, the Senate debated for about 4 days the appropriation for the Mutual Security Act. There were Senators who took the position—and I think correctly—that an overall ceiling should be placed upon the amount of new funds which could be appropriated by Congress in the last session, in the amount of \$5,500,000,000. We who supported the amendment of the Senator from Louisiana [Mr. Long] lost that fight. But it is significant that during the months of the late summer and fall of last year, according to the press of the United States, Members of the Senate and the House who had traveled in the far corners of the world returned to the United States and, almost uniformly, reported that economic conditions were good in the approximately 60 nations which the United States virtually has been carrying on its back for the past 10 or 12 years.

I was happy and delighted that I had had the pleasure of supporting amendments which would have substantially reduced foreign economic spending, especially after I had read the statements

made by Members of Congress who had personally visited many of the countries which were receiving aid from the United States.

I was pleased, too, when the President of the United States, in his message on the state of the Union, made the statement that the time at last had come when the Government could substantially reduce spending for foreign economic aid. Yet the figures which have been produced in connection with the bill under consideration indicate that it will be necessary to spend in new money this year, in addition to the unobligated funds which were carried over from the past fiscal year, more than a billion dollars in excess of what was spent from June 30, 1953, to June 30, 1954.

I recognize the fact that the people of the United States are now ready to say "No" to a continuation of foreign economic spending. Let us consider how the administration is approaching the question of such spending. By the way, it is no longer called "foreign economic spending." Formerly it was referred to as military assistance and foreign economic assistance. But those terms are no longer used. Today there is military assistance. All of us know what that is. That means guns, tanks, planes, ammunition, material of war—the sinews of war.

But what formerly was called economic support is now called direct forces support. There is still another name for economic support. It is defense support. In addition, there is relief and rehabilitation. Another category is development assistance.

Frankly, if the people of America correctly understood the situation, I believe their sentiment would be such that they would be in Washington petitioning Members of Congress to curtail such spending.

I do not believe the people of America would agree to a continuation of foreign economic assistance if they knew that the administration is now providing such assistance under such terms as direct forces assistance, defense support, relief and rehabilitation, and development assistance. Frankly, there has never been in my mind any distinction between economic assistance and direct forces support, defense support, relief and rehabilitation, and development assistance.

I recall, as I am sure all other Members of the Senate must recall, that during the week of June 12, I believe, the Senate considered the National Defense Appropriation Act—the "big baby," if you please, to appropriations. I remember, too, the heated debate which was carried on by some Members of the Senate, led by the distinguished junior Senator from Massachusetts [Mr. Kennedy], in their efforts to restore to the national-defense appropriation bill a sufficient sum of money to provide for two divisions to be kept in the Far East, especially in Korea. I was not one of those who supported that amendment, because I had been informed that the Department of Defense actually had on hand \$75 billion to be expended for na-

tional defense. I am sure that the information was factual; as a matter of fact, it was given on the floor of the Senate by the distinguished senior Senator from Virginia [Mr. Byrd]. Having that figure in mind, I voted against the amendment of the distinguished Senator from Massachusetts, which would have restored to the bill a sufficient amount of money for the arming of two divisions, which otherwise, it had been said, would be eliminated.

Let us examine to see what happened. I remember that Members of the Senate were confused. I was confused; and certainly if other Members of the Senate were confused, the people of America had an excuse for being confused—and I believe they were confused. This is what I mean by that. Time and again one could have picked up the newspapers of America and have read in them or in some of the leading magazines statements made by the Joint Chiefs of Staff and by other persons who were charged with the responsibility of knowing what the defense needs of the United States were. The public announcements by those persons were to the effect that the United States was running behind Russia in the armament race.

Yet those same persons, to whom the people of America have a right to look for advice and counsel in all things pertaining to national defense, would appear before the Committee on Armed Services, and perhaps even before the Committee on Foreign Relations, and state for the record that the appropriations recommended by the administration for national defense purposes were sufficient. Those statements were almost certainly, in my mind, and I believe in the minds of the American people, in direct conflict with what those same persons were saying about our defense needs publicly and to Members of Congress, who are charged, in the final analysis, with the responsibility of our national defense program.

So the amendment offered by the junior Senator from Massachusetts [Mr. Kennedy] was defeated on, Thursday, June 17, if I recall correctly. It was rejected largely, in my opinion, because of the statement made by the senior Senator from Virginia [Mr. Byrd], when, in his colloquy with the distinguished senior Senator from Massachusetts [Mr. Saltonstall] he said he understood that \$75 billion was available for national defense, including money provided for in the bill, along with obligated and unobligated funds which had been carried over.

On the following Monday, I believe, the Department of Defense, through the office of its Comptroller—I assume that is the technical name of the officer—made a statement to the press that the Army budget, which was included in the national defense budget, had a surplus of \$2 billion—in other words, \$2 billion worth of fat. Yet distinguished Members of the Senate had stood on the floor and assured the Senate that that budget had been cut to the bone. Were they sincere? Certainly they were sincere. The reason for such statements by Sen-

ators was that information had been withheld from the Members of the committee. I see no other explanation for the situation.

In like manner, I believe that there is a great deal of fat in the mutual security bill. I do not believe that the Senate should cut the bill to the bone, to the sinew, or to the marrow, but I believe the bill should be stripped of every unessential element. I think there is much fat in the bill.

I am also reminded of statements which were made about 2 weeks ago in the Senate by the distinguished senior Senator from New Hampshire [Mr. BRIDGES] and the distinguished senior Senator from Virginia [Mr. BYRD]. Incidentally, I wish to say that, in my judgment, the senior Senator from Virginia probably has a greater knowledge of the fiscal affairs of the Nation than is possessed by the Secretary of the Treasury, and the Director of the Budget, combined.

The Senator from New Hampshire and the Senator from Virginia submitted a resolution which I thought should have claimed the attention of Members of this body, and I hope it has. The resolution called for a constitutional amendment which would have made the Congress of the United States face up to its responsibility—and I say it is a grave one, Mr. President—that some day it must balance the budget.

I am reminded, Mr. President—and I am sure all other Members of this body are—that on the eve of adjournment last year, when many Members of Congress had obtained their plane and train reservations, there was laid on the desk of every Member of the Congress what amounted to an ultimatum from the President of the United States which called on the Congress to raise the national debt limit from \$275 billion to \$290 billion.

I am sure that request or ultimatum must have given Members of the Congress a great deal of concern, coming to us as it did while Congress was in the throes of the effort to bring about final adjournment. I am sure it caused a great many of us to do some research work in an attempt to ascertain just where this Nation stood with respect to its fiscal and financial obligations as compared with those of the 60 nations of the world which we have virtually carried on our back for a number of years. It was my desire to seek information on the question, because I believed that very likely I would be called upon to cast my vote for or against the proposal to raise the national debt limit from \$275 billion to \$290 billion.

I raise this question, Mr. President, because, as surely as we are in the Senate today, we shall be again faced with the question of whether or not we shall vote to increase the national debt limit, if not by \$15 billion, at least by \$5 billion.

When the request of the President to raise the national debt limit came to the Congress, the House of Representatives passed the proposal, after it was considered by the House Ways and Means Committee. I am glad to report to this body that the Members of the North Caro-

lina delegation in the other House opposed raising the national debt limit. When the proposal came to the Senate, it was referred to the Committee on Finance. Because I knew I would be faced with the responsibility of voting "yea" or "nay" if the proposal came to a vote, I consulted the records. I learned that the national debt limit of our country today is \$100 billion more—and I repeat it for emphasis, \$100 billion more—than the national debt limit of all the countries of Europe, Russia and her satellites. That fact startled me, as I am sure it must have startled many persons who had sought and obtained the same information.

Again, Mr. President, in a matter of a few days I am advised the Senate will be called upon to raise the national debt limit. I for one shall oppose legislation which would authorize it, if such a proposal should come to the Senate from the Finance Committee. I could not support a mutual security program which calls for the expenditure of more than \$5 billion, either in new money or in unobligated money, and then in good conscience vote to increase the national debt limit.

I should like to have the opportunity, if possible, to vote for an amendment which would strip the mutual security bill to all except exclusively military aid. Frankly and honestly, I think that is the inner feeling of a majority of Members of the Senate. If an amendment to the bill were offered which proposed to strip the authorization for the expenditure of funds for everything except pure, unadulterated military assistance, such as guns, planes, tanks, and all the materials and sinews of war, I believe the amendment would be adopted.

I hope the amendment offered by the junior Senator from Louisiana will meet with the honest appraisal and approval of Members of the Senate.

Last year, when the mutual security bill was enacted, the RECORD shows that those charged with the responsibility of administering the act had \$14 billion to spend in the fiscal year which has just ended. How much of that \$14 billion was spent? Just a little more than \$4 billion. Yet it is proposed that we continue to raise the ante, and that we increase the amount appropriated for that purpose. The proposal is not for the purpose of getting such materials into the pipelines. The pipelines are so full that, even with hydraulic pressure, no more materials could be forced through them. No more materials could be put into the pipelines than are presently there, and which will be there continuously. Why should we give those who are charged with the responsibility of administering the program a tremendous amount of money which will not be used, and which could be used for so many domestic needs which press upon our country today?

If the bill is passed in its present form, I am sure that at least Senators who vote for it—and I hope Members of the Senate will listen to me as I make my prediction—will be almost compelled to vote for an extension of the national debt limit. My conscience will be clear,

because I intend to support, with all the vigor at my command, the amendment offered by the junior Senator from Louisiana. I only wish the Senator could devise a way to go farther than he now proposes to go and to include the stripping of everything from the bill except military assistance, and military assistance alone.

Mr. LONG. Mr. President, will the Senator yield for a question?

Mr. LENNON. I yield to the Senator from Louisiana.

Mr. LONG. Does the Senator agree with me that the effect of passing the bill, in view of the enormous backlog of more than \$9 million already on hand, which is available to the Foreign Operations Administration, would be to admonish those handling the administration of the fund and to say in effect to them, "Why have you not spent the money more rapidly than you have?"

Mr. LENNON. I think the Senator is eminently correct. It seems to me that if a person is given \$1,000, which he does not spend judiciously, beneficially, or wisely, and yet \$1,000 bills continue to be forced upon him, that person is told in effect, "You must spend it. You had better get rid of it." That seems to be the idea of those charged with the administration of the fund. I cannot understand the reason for it, and I have not yet heard a statement on the floor of the Senate by any Senator regarding the necessity for continuing to appropriate new funds.

It seems to me that the more than \$2 billion of unobligated funds are in themselves sufficient to be spent, along with the \$7 billion which is available. Of course, some of it is obligated. Nevertheless, it is unexpended; and these programs are changing and varying rapidly. The \$7 billion which the Foreign Operations Administration claim now is obligated, but unexpended, perhaps in substantial part may not be obligated a month from now, because the program is changing.

I understand these long-range programs for the construction of war implements contain provisions enabling the Department to void the contracts in the event of technical developments and technical changes—and properly so. So I take the position that perhaps only half of the \$7 billion is really unobligated.

Mr. LONG. Does the Senator from North Carolina realize that the allies have on hand upwards of \$20 billion worth of American arms which we have given them in previous years, in addition to the \$9 billion that the Foreign Operations Administration has on hand, to be sent to those countries?

Mr. LENNON. I certainly am aware of that. I am also aware of the fact that it is not possible to obtain friendship by spending money. This country has made an effort for 10 or 12 years to buy the personal friendship and the military friendship of many of the other peoples of the world. We have succeeded only in some faraway places.

I do not believe that the Members of the Senate agree or that the people of the United States agree with the present basic political philosophy of either of our great allies, the French or the British.

If there are any countries in the world that have ever had the benefit of our generosity—and properly so in many instances, I believe—it is those two countries. Yet they differ with us basically on the recognition of Red China.

Mr. FREAR. Mr. President, will the Senator from North Carolina yield for a question?

The PRESIDING OFFICER (Mr. REYNOLDS in the chair). Does the Senator from North Carolina yield to the Senator from Delaware for a question?

Mr. LENNON. Mr. President, I yield the floor.

Mr. MORSE obtained the floor.

Mr. FREAR. Mr. President, will the Senator from Oregon yield to me, to permit me to ask a question of the Senator from Louisiana?

Mr. MORSE. I yield, provided it is understood that I shall not thereby lose the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FREAR. I thank the Senator from Oregon.

Mr. President, let me ask the Senator from Louisiana whether he knows the value of our military equipment that is now at Hanoi?

Mr. LONG. I do not have the actual figures, but I have heard estimates running as high as \$450 million in the case of United States military equipment which has not even been uncrated, and is now in Indochina, on the docks—in addition to the more than \$1 billion of equipment we already have sent there.

Of course the Senator from Delaware knows that by this time the Communists are well armed. If they did not have any arms to begin with, certainly after the capture of Dien Bien Phu and other French posts, the Communists now are well equipped with American arms.

Mr. FREAR. Is it not also true that if we use proper precautions, we may salvage equipment valued at half the amount the Senator from Louisiana proposes as a reduction in the authorizations in the pending mutual-security bill?

Mr. LONG. That is entirely correct.

Mr. FREAR. Mr. President, if the Senator from Oregon will permit me to ask a further question of the Senator from Louisiana—

Mr. MORSE. Certainly, on the same basis as before.

Mr. FREAR. Then, on the point to which we have just referred, would it not be possible for us, by means of the salvage of such equipment, to save equipment valued at half the amount of the decrease in the authorization proposed by the amendment of the Senator from Louisiana? In fact, I have heard estimates considerably higher than that. However, Indochina is only one place where we have military equipment. So we would have only a little trouble in salvaging or regaining control of \$1 billion worth of equipment, and that would cover the entire amount of the amendment of the Senator from Louisiana.

Mr. LONG. My best understanding is that there is more than \$400 million worth of military equipment in Indochina now, on the docks, uncrated, in

addition to a billion dollars' worth of equipment we have previously sent there; and there is also in the pipeline, programed to go to Indochina, more than \$700 million of last year's appropriation for Indochina.

Mr. FREAR. Yes.

Mr. LONG. In addition, this bill calls for another \$800 million worth for Indochina.

So it seems to me that if we wished to do first things first, the first thing we should try to do, is to save the billion dollar's worth of equipment we already have sent there; we should save it by preventing it from falling into Communist hands, for it makes good sense that a billion dollars' worth of our equipment falling into Communist hands will require another billion dollars of expenditure on our part to offset that much addition to the Communists' fighting power.

Mr. FREAR. I think that is a very good point—that in addition to the \$400 million or \$600 million of our equipment which is on the docks there now, uncrated, there is another \$700 million or \$800 million of equipment lying somewhere, which we might salvage; and that would mean that the Communists or the opposition would have to spend that much more money of their own, in order to be that well prepared.

That reminds me of the fact that every Republican who votes for a Democrat means two votes for the Democrat. [Laughter.]

Mr. MORSE. Mr. President, I wish to make a few brief remarks in summing up the philosophy which I think is apparent in the bill, and also in registering a few exceptions to that philosophy.

At one time I considered offering an amendment to the bill providing for a \$50 million increase in the appropriation for aid to the one beachhead of freedom in the Middle East, namely, the State of Israel. But after consultation with my good friend, the Senator from Wisconsin [Mr. WILEY], the chairman of the Foreign Relations Committee, and with some other members of the Foreign Relations Committee and with certain officials of the State Department, I decided not to offer the amendment. I wish to make clear that if an informal count of votes here in the Senate indicated that the amendment would pass I would offer it. However, such a count shows it would be defeated.

However, Mr. President, I wish to make these comments in regard to what I consider to be the shortcomings of the bill in respect to the State of Israel.

When we go through the bill, it is very interesting to find that it has been drafted in such a way as to fail to earmark any specific sums of money for aid to specific countries in the Middle East. We read the bill in vain if we seek to find in it any specific item of aid in dollars to the State of Israel. I think that is regrettable, Mr. President.

I am advised by members of the committee that the bill contains language making it clear that the State of Israel will receive some aid. However, the bill does not say so specifically in terms of a given amount of money. Let me say

that if I am in error about this matter, I wish the chairman of the committee to put me right, by documenting a citation to the section and line of the bill which corrects the statement I just made if my statement is not correct. I am advised that certain language in the bill means that approximately \$40 million will be available for the State of Israel. However, the language does not say so specifically. It gives the widest discretion to the State Department in this matter. There is no assurance that Israel will receive anything.

Mr. President, let us accept the assumption that Israel will get \$40 million although no such fund is so earmarked in the bill. But let us accept the assumption. If true, the fund is most inadequate. It is most inadequate when we consider the moral obligations of the United States and the people of the United States to Israel. It is most inadequate when we consider the meaning and the symbolism of Israel in the Middle East.

I wish to address myself briefly to these two points, and then to discuss briefly a third one, namely, the attitude of the United States in the years to come in connection with the entire problem of colonialism in the world and the relationship of that problem to the foreign policy of the United States.

First, Mr. President, let me say that I do not think we have ever started to fulfill our moral obligations to the State of Israel. Let us consider the situation in the year 1946. In that year, we came to the end of World War II. We should always keep in mind the fact that one of the causes of our entering the Second World War in the first instance was the revulsion of feeling throughout the body politic in the United States over the atrocities and the persecutions by Nazi Germany of minority groups. It was in 1946, Mr. President, that I performed a confidential mission for the then Secretary of War, Mr. Robert Patterson. I inspected the displaced persons camps in Europe, and I returned and made my report to him. Later, as the CONGRESSIONAL RECORD will show, I made certain comments on the floor of the Senate.

I pointed out then that there was no question of the fact that we had a tremendous moral obligation to see to it that the masses of people in those concentration camps—because that is what they were in fact, although they were called displaced persons camps—should be distributed among the free nations of the world. I urged in a speech on the floor of the Senate at that time that the United States Government take the initiative in asking the Prime Ministers of the free nations of the world or their representatives to meet in a conference of foreign ministers for the purpose of seeing if an international understanding could not be reached whereby we would participate in distributing among the free nations of the world the people in the concentration camps.

I did not get anywhere with that suggestion, Mr. President. It was very interesting that as early as 1946 and 1947, we were falling back into the old American pattern of forgetting too quickly our responsibilities in regard to an interna-

tional situation and the moral obligations involved therein.

I remember that in the cloakrooms of the Senate my suggestion was met by the comment on the part of some of my colleagues, "I would not go for that because most of them are Jews." Factually, those colleagues were wrong. It so happened that in 1946 and 1947 a majority of the inhabitants of the displaced persons camps of Europe were not Jews.

But I asked then, as I have asked many times since, suppose it were true? What does that have to do with America's moral obligations to human beings who have been persecuted, which persecutions formed a part of the reason for our going into World War II? There was still an obligation on the part of the United States to do something for the inhabitants of those displaced persons camps by assisting in bringing them to lands of freedom, even if it happened to be true—which it was not—that a majority of them were Jews.

A large number of them were Jews; and in respect to those, the State of Israel, at that time known as Palestine, came to the assistance of the so-called Jewish refugees, and, in spite of strong British opposition—and let us not forget the role that Great Britain played in 1946 and 1947 in connection with this problem—in spite of British opposition and British attempts to prevent those refugees from landing on the shores of Palestine, thousands upon thousands of them sought Palestine as a source of refuge.

I think the people of Palestine wrote a glorious and thrilling chapter in the history of world humanitarianism by putting into effect the Biblical teaching that, after all, we human beings are our brother's keeper. A homeland was provided for those refugees; and, to the extent that the people of Palestine took care of those refugees, they assumed a burden of moral obligation which was also partly the burden of the United States and the burden of every other nation in the world that believed in personal freedom, human dignity, and human decency.

In my judgment, Mr. President, when we add up the aid that the United States has given to this little beachhead of freedom in the Middle East, it is but a mite, a pittance, in comparison with what I think our true obligation is to that republic of freedom in the Middle East.

Let us take a look at that republic. It cannot be denied that it is a republic which has been established with the sanction of the United Nations. It belongs to the family of free nations, and it has the stamp of approval of the United Nations upon it. Because it is a member of the family of free nations, I respectfully say that free men and women everywhere have a stake in the freedom of Israel. It is surrounded by economic feudalism. It is surrounded by many countries in which the principles of democratic processes do not exist.

Let me make very clear that the junior Senator from Oregon is perfectly willing to be of economic aid to the Arab States, if they have a willingness to help im-

prove the economic plight of the masses of their population. I am very desirous, Mr. President, of being of aid to the Arab States by bringing to their people a standard of living under which economic freedom of choice for the individual can exist there, too. It does not now exist.

I have no intention, Mr. President, as a Member of the United States Senate, of ever following a course of action in this body which would add up to trading the freedom of Israel and right to liberty of the people of Israel for Arabian oil.

I hope I am realistic enough to recognize that if we get into a third holocaust, no nation will get the benefit of that oil. If we wish to talk about the problem of Arabian oil from the standpoint of the ugly realities incident to a possible third world war, let us face the fact that no nation will get the oil because it will be one of the prime targets. Every power involved will try to prevent the other powers from getting the oil. It will be destroyed, so far as accessibility for the duration of that war is concerned. There would be hardly any other target more vital than the derricks and refineries connected with Arabian oil fields.

But, Mr. President, I do not argue this issue on the basis of Arabian oil. I argue on the basis of our moral obligation to be of assistance to a beachhead of freedom in an area of the world where the symbolism of freedom should be strengthened.

Although I expect to be criticised for it, the fact that I will be criticised in no sense deters me on this issue, and it has never deterred me in the past in connection with any other issue. If we do not give strength to the State of Israel, we shall be building a foreign policy which lets freedom down in the world.

Israel has made a great many mistakes. I do not condone any of Israel's mistakes. I do not condone the violation of the truce by Israel. In my judgment, the State of Israel must be charged with at least assuming responsibility for those violations. However, Israel has not been alone in violation of the truce.

I am not dealing with comparative statistics on violations. I make the assertion—and I am sure it can not be contradicted by the record—that violations of the truce have been at least as frequent—if not more frequent—by the Arab States as by Israel. I hope I am a good enough lawyer to know that, although provocations never justify a wrong, they often explain why the wrong occurred. Provocations often provide an explanation of the motivation and causation of wrongful conduct.

I have been heard to say many times—and I repeat it today—that if we believe in a system of international justice through law, the policy of the United States State Department always should be to seek to call to account before the United Nations, through an international judicial tribunal of the United Nations, both Israel and the Arab States for any violation of the truce. That is the position of the junior Senator from Oregon, and it will always be his position.

However, we cannot explain the State Department's attitude toward Israel

over the past 14 months on the basis of that principle. In my judgment, ever since the visit of the Secretary of State to the Middle East a little more than a year ago, his course of conduct and his pronouncements have been subject to the clear criticism that apparently the policy of the State Department is in part to win the friendship of the Arab States at the expense of Israel. I am critical of that course of action on the part of the Secretary of State. I am critical because apparently every time there has been a violation of the truce by Israel a statement of condemnation has been issued by the Department of State; whereas too frequently when there has been a like violation on the part of the Arab States there has been no such severe censure by the State Department.

I repeat that, in my judgment, the obligation of the United States in its foreign policy in connection with that serious situation in the Middle East is to make it clear to all parties in those disputes that they must submit their differences to the United Nations, and through the United Nations to its international judicial tribunal, for decision and determination by the application of the rules of reason applied to a record of evidence.

I have been very much disturbed about what, in my judgment, has been a lack of adequate support on the part of the United States Government of the Republic of Israel in the Middle East. I have been disturbed by the apparent readiness of the United States State Department to supply arms to the Arab States. One example is the situation in Iraq. Not so long ago the Department of State took the position that arms should be supplied to Iraq, and gave as its explanation that they were needed in order to take care of internal disorder in Iraq. I do not know whom our State Department officials thought they were fooling. In my judgment, they did not fool anyone who knows the facts with respect to the Middle East. I cannot overlook the fact that during World War II the Iraq army went over to the Nazis. They were on the side of the Nazis. It may be that there is justification for believing that in the future we can count upon Iraq as an ally. However, judging by the past, it is very dubious.

Furthermore, let me mention, in passing—because it deals with the third point I wish to mention in these brief remarks—that when we are dealing with the Arab States, we are, after all, not dealing with governments based upon democratic processes. We are not dealing with governments in which the people are the masters and the governments the servants, as is the case when we are dealing with the Republic of Israel. It is another case in which we are apparently giving way to our great fear of the expansion and aggressive intentions of Russia. Therefore, we are willing to give support to other forms of totalitarianism, which in my book are very little different from communistic totalitarianism.

The issue of totalitarianism must be directed to the rights of the individual citizen. Whether a citizen in any country

lives under the totalitarianism of communism or fascism does not make very much difference so far as his personal liberty and personal dignity are concerned.

Therefore, I say that we had better give greater attention to the need for aiding freedom in the world, instead of to an American foreign policy based upon the doctrine of the expediency of encouraging and aiding totalitarianism in the world.

The next point I wish to make is that we had better recognize, before it is too late, that the greatest defense weapon the United States has and will have for the century ahead and longer is the economic productive power of men and women in other parts of the world who are willing to stand shoulder to shoulder with us in the contest between freedom and totalitarianism, a contest which will continue for a long time.

In the Middle East there is a little republic which, in my judgment, ought to be strengthened. Instead, its enemies abroad and some powerful forces here at home would undermine the economically productive power of Israel by seeing to it that the maximum amount of her resources is devoted to military defense. Dollars spent for military defense are not economically productive. In my judgment, if we are to give military aid to the Arab States, as we have been doing, we have a moral obligation toward the Republic of Israel to do the same for Israel. I return to that point because I premise my speech on the basis of a moral obligation to the cause of freedom and the relationship of that cause to American foreign policy. If we are to give military aid to the Arab States—and we have been giving such aid even though they do not belong to NATO and even though the mutual obligations of NATO are not involved in such military aid, we have the clear moral obligation to see to it that adequate defense funds are made available to Israel, so that the economic life of Israel will not be sucked dry by forcing her to use a large percentage of her income and economic resources for defense purposes.

In my judgment we have the moral obligation to protect this state of freedom in the Middle East by making very clear that such aid as we give to the Arab States under the pretext of seeing that they have the equipment to keep down internal disorder should at least be counterbalanced and matched by adequate defenses in Israel so that the Arab States will not be tempted to prosecute a war against the state of freedom in the Middle East, namely, Israel.

In my judgment, if it is true that in this bill some \$40 million is available for Israel, it is but a pittance in view of the tremendous forces now being used in order to reduce to impotency the economic and military strength of this republic in the Middle East.

Mr. President, when I think of the treatment that Israel received not so many years ago from the British Empire, and of the treatment she is receiving today from the Arab States, I wonder what the attitude of the United States

would be if Israel were in a position, for example, to apply to some other country the kind of boycott that has been applied to Israel in relation to the use of the Suez Canal. In my judgment it would be necessary to supply the Secretary of State with a piece of asbestos paper on which to write the kind of protest that would be sent to Israel if she invoked such a boycott. Yet in my judgment the part we have played in connection with the boycott of the Suez Canal and the effect of that boycott on the State of Israel has amounted to a very feeble slap-on-the-wrist approach, in the field of diplomacy, to the Middle East situation.

Knowing that there are those who think it would be a mistake to offer the amendment which I suggested I had originally contemplated, to increase aid to Israel by at least another \$50 million, and knowing also that in view of the attitude now prevailing in the Senate the amendment would not be adopted anyway, I felt at least a clear moral obligation to raise my voice today in protest against what I think has been the unfortunate policy followed by the Secretary of State during the past year or more in regard to the State of Israel. I raise my voice to urge that we recognize, before it is too late, that the greatest defense weapon we have is the economic productive power of free men and women everywhere in the world. The fight for freedom in the next century will be won only to the extent that we are able to build up a better standard of living, provide economic opportunity, and export the know-how of enlightened American capitalism to those sections of the world where the need for economic improvement is so pressing upon the people and on the basis of which need the vicious, lying Russian Communist propagandists make so much political hay.

Mr. President, when we come to consider economic aid, in my judgment such aid produces more security for the United States than all the guns, ammunition, and airplanes that may be shipped to foreign countries, important as armaments are.

I do not propose to curtail military aid, because I recognize that we must keep free peoples strong militarily for years to come if we are to hold in check the aggressive intentions of Russia. She certainly has demonstrated such intentions time and time again. Let a segment of the world become militarily weak to the extent that Soviet Russia thinks she can move in, and she will move in. That is why I am such a strong advocate, for example, not only of NATO, but of a corresponding organization in Asia, where the free nations together—not the United States on a go-it-alone policy—will stand shoulder-to-shoulder against the danger of an aggressive course of action on the part of Russian totalitarianism.

I plead today for aid to freedom, because that is what the fight is all about. The struggle for the century ahead will be a struggle to strengthen the cause of freedom against the enslavement of totalitarianism.

That brings me to the third and the last point of my speech. Much has been said on the floor of the Senate in recent weeks about a reexamination of American foreign policy. We should reexamine it, Mr. President. We should reexamine it from every angle. I am for such reexamination. I wish to suggest one angle from which we ought to reexamine it. We ought to reexamine it from the angle of the criticism which confronts us all over the world, in those areas of the world where masses of people are struggling for freedom against colonialism, against the economic imperialism—at least in their sight—of powerful colonial countries. We cannot ignore it. We must come to grips with it. We must be frank and honest with our colonial-minded allies. We must be frank and honest with Great Britain, France, Holland, and other nations.

Mr. President, we have no answer for this rising tide in the course of human events. There is nothing the United States can do, and there is nothing that Great Britain, France, Holland, or any other power can do, to stem the trend of human events for the century ahead—a trend which is obvious if one will but read the handwriting on the wall. In every one of the so-called backward areas of the world the answer is the same. The trend exists, and can be seen if one will but open his eyes and look. In every backward area of the world where at present a policy of economic colonialism and imperialism exists, the people are rising up against it. The question is, Are we to follow an American course of action in the field of foreign policy which will cause those people to be on the side of freedom with us, or are we to continue to follow a course of action supporting colonialism, imperialism, and totalitarianism in the world, and drive free people behind the Communist Iron Curtain?

Mr. President, if we do not stand with them in their fight for human freedom, in their fight for emancipation from the colonialism of powerful western nations, they will go behind the Iron Curtain, because they will fall victims to the vicious, lying propaganda of the Russians that behind the Iron Curtain they can get more to eat, more with which to clothe their children, and better living conditions.

We know that such propaganda is not true, but we cannot convince our friends of that if at the same time we support a policy of colonialism.

Much has been said on the floor of the Senate about American mistakes in Asia, and there have been many. I am perfectly willing to stand on the record as to my position about those mistakes, referring to speeches I made on the floor of the Senate as early as 1945 and 1946 and 1947 and every intervening year between then and now.

One of the greatest mistakes we have made in Asia is that apparently we lacked the courage to tell our free allies we could not support their colonial policies in Asia. In my judgment, one of the reasons why the mess in Indochina developed was that we were not frank enough with France. We should have made clear to France

that we were in favor of protecting the freedom of the Indochinese, but not at the price of maintenance of French colonialism in Indochina.

I have always said, and I repeat now, Mr. President, I think possibly the most important issue in the whole Indochina matter was an issue many Americans did not want to face—the issue of Morocco. In my judgment, Morocco had more to do with Indochina than any other single factor because I think it was perfectly clear the French were afraid that a complete withdrawal of their colonial policy in Indochina would jeopardize their colonial policy in Morocco, and Morocco happens to be a very, very valuable colonial asset to France.

Just as surely as that we are in the Senate to day, Mr. President, in my judgment, any Senator who is 55 years of age or younger, if God permits him to have the normal longevity Americans enjoy, will live to see the end of French colonialism in Morocco. That is the handwriting on the wall. We should not stick our heads in the sand about it. I believe we have an obligation to our colonial-minded allies to make clear to them we are going to be of assistance to them in solving their economic problems, but that from the standpoint of their colonial policies and from the standpoint of what American freedom stands for, we can no longer give support to the suppression of peoples in the so-called backward areas of the world by the imposition upon them of a policy of colonialism.

I have been very frank about this issue, Mr. President, but, in my judgment, someone needs to be frank about it, because a failure to face the issue may involve in the future the lives of many American civilians, as well as many American boys who may find themselves in uniform. I do not think we can continue during the decades ahead to support a policy of economic domination of peoples in the backward areas of the world by other powerful nations and still have peace in the world.

Economic freedom in the backward areas of the world represents a cause for which millions of people are going to be willing to die until ultimate victory is theirs. This is the record, Mr. President, of what happens to people once they are imbued with a dedicated devotion to the concept of freedom. Read the history of the development of great social and economic movements in the history of civilization and such a story will unfold.

In this historic era we see the great human movement to attain freedom on the part of peoples who have been denied freedom heretofore; and they are going to achieve their objective.

I wish to see my country always on the side of freedom. That means, of course, we must carry on statesmanlike diplomacy. It means we have to face world economic problems from the standpoint of recognizing that no nation can live unto itself alone economically and survive on through the future—not even the United States. Oh, in our lifetime we can do it, of course; but we are a baby Nation. America has not lived long in the history of mankind. There have

been other civilizations as great for their era as ours is for our era, which thought they could live unto themselves alone. Those civilizations thought they could enjoy standards of living in perpetuity so far superior to the standards of the peoples surrounding them that they need have no fear as to their survival; but they did not survive.

The "have not" nations have a way, we learn from history, of wearing down the so-called have nations which believe they can hold economic advantage unto themselves and live within themselves.

In these days voices must be raised in America pleading for an historic perspective and for a recognition of the importance of thinking in terms of historic time, in terms of the American boys and girls 300 years from now. That is the challenge of our generation, as I see it.

I think that challenge is involved in this aid bill, even though it is not written in such language, because the philosophy underlying this aid bill ought to be the principle that, after all, the soundest foreign policy from a moral standpoint is one which recognizes we are our brother's keeper. We must recognize that the moral law is the soundest foreign policy a free people who believe in the dignity of the individual can follow in terms of history.

That is why, Mr. President, I say, in closing, we must be frank with our allies. We must not maneuver ourselves into the position our State Department allowed us to be maneuvered into when it took the position that it would not support a vote in the United Nations on Tunisia and Morocco. Why not support such a vote? Why should the people of Tunisia and Morocco not be heard in the United Nations on their case?

Mr. President, when we take the position we took on that issue, what do we do? We open ourselves to the charge that we are aiding and abetting the exploiting policies of colonialism.

I have been to the section of the world where colonialism prevails. If a person goes there he cannot be there long without recognizing the equities and the merits of the moral case of the natives of those colonial lands.

My attention has recently been called, Mr. President, to the Cyprus issue in the Middle East. Apparently, under the "head in the sand" attitude of the British Government, there is no issue in Cyprus. Let anyone who thinks the British are right about that go to Cyprus, look over the situation, and see for himself. If he goes there, he cannot deny the fact that the nationalistic spirit of the people of Cyprus for self-determination is unanswerable; yet the British Government is taking the position there is no Cyprus issue. The fact is that 80 percent of the people of Cyprus are Greeks. For years and years they have wanted to be united with Greece.

I note in this morning's New York Times, Mr. President, an article which says, "Britain will curb Cyprus agitation. She invokes old antiseditious laws to silence advocates of union with Greece."

I ask unanimous consent, Mr. President, to have this article included in the

RECORD at this point, as a part of my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

BRITAIN WILL CURB CYPRUS AGITATION—SHE INVOKES OLD ANTISEDITION LAWS TO SILENCE ADVOCATES OF UNION WITH GREECE

NICOSIA, CYPRUS, August 2.—The Cyprus Government, in an effort to stamp out illegal agitation for a union of Cyprus with Greece has decided on strict enforcement of existing laws against sedition.

C. G. Tornaritis, attorney general, summoned a press conference today and read a proclamation that had been posted in towns and villages.

The right of citizens to candid, free, and full discussion of any public matter will not be interfered with, he explained, but writings and practices aimed at changing the sovereignty of the colony or at exciting discontent against the Government will not be tolerated.

The proclamation warned that criticism of Government policy in the future must not stray into the sphere of sedition, and that henceforth the present law of sedition would be strictly enforced.

A person convicted of seditious conspiracy or publication with seditious intention is liable to 5 years' imprisonment.

Any organization advocating the carrying out of seditious intention is an illegal association whose officials are liable to 5 years' imprisonment and its members to 3 years, the proclamation added.

A newspaper in which a seditious libel is published may be suspended by the court for 3 years. A naturalized British subject who has shown himself disloyal toward Queen Elizabeth II may be deprived of British nationality.

Mr. MORSE. Great Britain can apply all the antiseditious laws she cares to invoke. Yes; by the use of a greater force, Mr. President, she can put down for the time being this agitation on the part of the people of Cyprus for the advantages of self-determination and human rights and freedom, but this spirit of freedom will rise again to plague Great Britain, and to plague the United States if we aid and abet the policy of colonialism.

Certainly the people of Cyprus should be heard in the United Nations, Mr. President. I hold in my hand the New York Times for Thursday, July 29, 1954, which contains an article headed, "Britain Proposes a Cyprus Charter." I ask unanimous consent that the article be printed in the RECORD at this point as a part of my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

BRITAIN PROPOSES A CYPRUS CHARTER—MOVE DENOUNCED BY LABORITES FOR NOT ALLOWING ISLAND TO QUIT COMMONWEALTH

LONDON, July 28.—The Government announced today it intended to give Cyprus a new constitution on the pattern of those of Britain's African and Asian colonies. The move ran into immediate criticism from Laborites.

The constitution would provide a legislature of which only a minority would be elected, the majority being composed of colonial officials and the governor's appointees. This is the same pattern applied in politically immature colonies as they begin to move toward self-government.

Unlike most such constitutions, this one has been prepared without consultation with

the inhabitants of Cyprus themselves, who are so zealous for union with Greece that they refused to consider a similar constitution offered in 1948.

A debate arose over the fact that Cyprus, unlike other maturing colonies, will not be allowed to leave the Commonwealth if it wishes to. This restriction, announced by Henry L. Hopkinson, Minister of State in the Colonial Office, was called hypercritical by Tom Driberg, a leftwing Laborite. The speaker of the house required Mr. Driberg to withdraw the word.

Aneurin Bevan, leader of the Labor Party's leftwing, said the Government stand would be fiercely resented by the population of Cyprus.

He connected the offer with the pending British withdrawal of troops from Egypt, which had been anticipated by the removal of the Middle East command to Cyprus. He said the command was being established "in the middle of a hostile colony, made more hostile by the extremely unfortunate language used this afternoon."

Mr. Hopkinson had declared it always had been understood and agreed that certain commonwealth territories could never be expected to be fully independent. He was backed up by the outgoing Colonial Secretary, Oliver Lyttelton, who told the House of Commons this might be the last occasion he would address it.

Mr. Lyttelton said Britain could not turn Cyprus over to Greece, as a large number of Cypriots desired, because all the experts agreed the island was essential to Mediterranean defense. To "hand it over to an unstable, though friendly, power at this moment," he said, "would undermine the eastern bastion" of the North Atlantic Treaty Organization.

ATHENS, July 28.—Foreign Minister Stephan Stephanopoulos said tonight that Greece planned to bring the Cyprus question before the United Nations despite Britain's decision to grant a constitution to the Cypriots. He said the proposal was an improvement over that of 1948 but did not give Cypriots the right of self-determination.

Mr. MORSE. The article sets forth a typical British colonial policy. The policy seeks, by way of form, to recognize political rights in Cyprus, but gives the people of Cyprus no substantial control of their own political rights. The people of Cyprus will understand that. In the course of human events, the rest of the world will come to understand it, too.

I think the time is long overdue when the United States should stop supporting colonialism in this world as a part of its foreign policy. Likewise it should stop supporting the totalitarian practices of totalitarian states. It should answer the vicious, lying Russian propaganda by way of a clear demonstration of acts which would make clear to the world that we are not on the side of colonialism, and are not on the side of economic imperialism of any foreign power; but that we recognize that all human beings have a common denominator of human instincts, and that instinctively all people know that they are entitled to political freedom and self-determination.

Mr. President, I shall continue to be critical of any foreign policy of my Government whenever I see such specific acts as we have noted in recent years that would justify the criticism that this country is allied on the side of colonialism.

I have mentioned Indochina. To repeat, my position has been all along that the part this country should have played—and we failed to take advantage of a great opportunity of leadership in this matter, in my judgment—was to have urged from the very beginning the declaration of a United Nations trusteeship in Indochina, based upon independence now—not tomorrow, not next year, but now—and a guaranty by the United Nations to the people of Indochina of their political freedom now. What a rocking back on the heels that would have produced, so far as Russian propaganda in Asia is concerned. It would have been a clear demonstration that we meant it when we took our stand on the side of the self-determination principle as it was written into the San Francisco Charter which became the Charter of the United Nations. But apparently we were afraid to offend the French. Apparently in our foreign policy we were not willing to stand up against the materialistic aspirations of the French and take a clear and strong stand on the side of human rights. What a different situation would exist in Indochina if such a trusteeship had been supported by the free nations of the world. We would have had Russia on the defensive in the battle between freedom and enslavement in Asia. But that is not the course of action we followed; and I think we muffed the ball at Geneva.

There was an opportunity for the American Secretary of State to assume the offensive against Russian propaganda. That was not the course of action which the Secretary of State followed. In my judgment, as a result of his course of action at Geneva, we suffered one of the greatest major defeats in all the history of American diplomacy.

In the early stages of that controversy, apparently the course of action the United States State Department wanted to follow was one of armed intervention in Indochina—to protect what? From the standpoint of the Asians, it would have been looked upon as a program to protect French colonialism in Indochina. That policy should have been discarded first. With that policy abandoned, and with the free nations among the Allied group then standing to protect the territorial integrity of Indochina, under a United Nations trusteeship, until free elections could have been held, and until the people of Indochina could have taken over their Governments for themselves and operated them by themselves, Russia would have been put on the defensive in Asia.

In my judgment, Russia will never come forward and stand up against the free nations of the world when they are willing to stand for united action, and when they stand for the kind of moral law I am urging here today, and which should be the warp and woof of American foreign policy. But I regretfully say that, in my judgment, that is not the situation today.

I close by saying that if we mean it when we say we wish to be an ally of freedom, we had better follow a different course of action in respect to protect-

ing the freedom of Israel than we have followed during the past 14 months. If we mean what we say, then we had better make clear to the world that we can be counted upon to come to the assistance of free nations, because, in my judgment, the maintenance of their freedom is essential in the century ahead if freedom is eventually to survive in the United States.

Mr. CASE. Mr. President, the Senator from South Dakota would like to ask the distinguished Senator from New Hampshire with respect to a portion of the committee report accompanying this bill. The committee report embraces a table of projects for the construction by application of previously appropriated funds. In that table I do not see one of the items which was requested by the Military Department but which had not been enacted into law prior to the time the compilation was made. I have reference to the item for the Black Hills Ordnance Depot, with which the Senator is familiar.

Since that is merely a part of the committee report and requires agreement with the House committee, I am wondering if the Senator could assure me that in the conference with the House this ordnance depot item will be taken into consideration in an effort to secure concurrence in the application of previously appropriated funds consistent with the authorization which has since been approved by the House.

Mr. BRIDGES. The Senator from New Hampshire understands that item, and while this is not in the bill and is not an item mentioned in the report on page 46—

Mr. CASE. The general program is based on page 46.

Mr. BRIDGES. The Senator from New Hampshire would be glad to add in the report and present to the conference the Black Hills Ordnance Depot.

Mr. CASE. That is mentioned in the hearings at page 1005.

Mr. BRIDGES. I remember that it is. This is not new funds. This is merely putting it in the program for previously appropriated funds, in line with a series of other programs which we have outlined on page 46 of the report.

Mr. CASE. It is consistent with the request of the Army as shown at page 1005 of the hearings.

Mr. BRIDGES. The Senator from New Hampshire is aware of that and believes that we can include it in the report.

Mr. CASE. I thank the Senator.

Mr. MARTIN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MARTIN. Mr. President, I ask unanimous consent that the order for the call of the roll be rescinded.

Mr. LONG. Mr. President, I object.

The PRESIDING OFFICER (Mr. BARRETT in the chair). Objection is heard.

The call of the roll will be continued.

The legislative clerk resumed and concluded the call of the roll, and the

following Senators answered to their names:

Aiken	George	Monroney
Barrett	Green	Morse
Beall	Hayden	Murray
Bennett	Hickenlooper	Pastore
Bowring	Hill	Reynolds
Byrd	Holland	Robertson
Carlson	Johnson, Tex.	Smathers
Cooper	Knowland	Smith, N. J.
Dirksen	Kuchel	Sparkman
Douglas	Long	Symington
Ervin	Malone	Upton
Flanders	Mansfield	Wiley
Frear	Martin	Williams

The PRESIDING OFFICER. A quorum is not present.

Mr. MARTIN. Mr. President, I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Pennsylvania.

The motion was agreed to.

The PRESIDING OFFICER. The Sergeant at Arms will execute the order of the Senate.

After a little delay, Mr. ANDERSON, Mr. BRICKER, Mr. BRIDGES, Mr. BURKE, Mr. BUTLER, Mr. CAPEHART, Mr. CASE, Mr. CHAVEZ, Mr. CLEMENTS, Mr. CORDON, Mr. CRIPPA, Mr. DANIEL, Mr. DWORSHAK, Mr. ELLENDER, Mr. FERGUSON, Mr. FULBRIGHT, Mr. GILLETTE, Mr. GOLDWATER, Mr. GORE, Mr. HENDRICKSON, Mr. HENNING, Mr. HUMPHREY, Mr. IVES, Mr. JACKSON, Mr. JOHNSON of Colorado, Mr. JOHNSTON of South Carolina, Mr. KENNEDY, Mr. KERR, Mr. LANGER, Mr. LEHMAN, Mr. LENNON, Mr. MAGNUSON, Mr. MAYBANK, Mr. McCARRAN, Mr. MCCARTHY, Mr. McCLELLAN, Mr. MILLIKIN, Mr. MUNDT, Mr. PAYNE, Mr. POTTER, Mr. PURTELL, Mr. RUSSELL, Mr. SALTONSTALL, Mrs. SMITH of Maine, Mr. STENNIS, Mr. THYE, Mr. WATKINS, Mr. WELKER, and Mr. YOUNG entered the Chamber and answered to their names.

The PRESIDING OFFICER. A quorum is present.

The question is on agreeing to the amendment offered by the Senator from Louisiana [Mr. LONG].

Mr. LONG. Mr. President, I ask for the yeas and nays on my amendment.

The yeas and nays were ordered.

Mr. LONG. Mr. President, I shall not detain the Senate more than a few moments. However, I wish to point out to the Senate what the amendment entails. It means a reduction of approximately \$1,033,000,000 in the overall authorization for this program.

Although that would appear to be a reduction of about one-third of the new money, I should like to point out to Senators that it is a reduction of only 7.2 percent, just a little over 7 percent, of the overall amount now in the program.

If we grant the full amount requested under the bill, there will be on hand \$12,849,500,000. Based on the report of the committee, and referring to page 12 of the committee report, even the Foreign Operations Administration does not believe it is capable of spending this money much more rapidly than at the rate of \$5,500,000,000 a year. Therefore, looking at page 12 of the report, based on the Foreign Operations Administra-

tion's own estimate, we find that at this time next year they would still have left over \$7,360,000,000. In other words, Mr. President, based on the report of the Foreign Relations Committee itself, they would have on hand enough money to carry the program on for 2 years and 3 months, if my amendment should carry.

Mr. President, there is no need having money on hand that much ahead of time, or, to illustrate it another way, if Senators would just look at the committee report before them, and if they will turn to page 13 in that committee report, they will see a chart. They will see on the bottom line of the chart figures indicating the rate at which the Foreign Operations Administration has been able to dispose of funds under this program.

They will see, Mr. President, that during the first year of the program Congress appropriated around \$5 billion, and they will further see that it was 3 years before the Foreign Operations Administration was successful in disposing of the first \$5 billion appropriated by the Congress. But during that same period of time the Congress appropriated twice that amount of money, so during the first 3 years the Congress appropriated three times as much money as the Foreign Operations Administration and its predecessor could dispose of during the first 3 years.

If Senators will look at last year's expenditure, which is shown at the end of the dotted line on page 13 of the report, they will see that we have already on hand enough money to carry the program for another 2 years. I insist that it is terribly wasteful to give any organization appropriations to the extent of \$9,749,000,000 more than it can spend in the next year. I am not saying that we should not give away those weapons to our friends and allies, but I do say that if we want to give arms away, there is no requirement that we appropriate the money as much as 3 years in advance.

The statement is made in the report that lead time is involved, and that the money is required to be on hand in advance, so as to make sure that the guns, tanks, and other weapons are constructed.

I say to Senators that the weapons we are giving away under this program are weapons which require the shortest possible lead time. A type of weapon which takes a long lead time is the latest type of jet aircraft. The latest type of jet aircraft requires several years from the time it is on the drawing board until it begins to roll off the production line. However, we are not giving away our latest type jet aircraft to our friends and allies.

Let us look at the kind of equipment we are giving to Chiang Kai-shek on Formosa. He does not even have the oldest model American jet airplane. We give our allies the older type of equipment, and weapons of a second rank. We give them the type of weapons that are not in the greatest need here, and it makes good sense to do it that way. We have such weapons available generally on much shorter notice.

I point out to Senators that this program has never been restudied and reconsidered. If that had been done, the same thing would have happened to this program that happened with regard to the military base construction program. Senators will recall that during the first year of the Eisenhower administration an enormous reduction was made in the Air Force requests for airplanes. We spent for airplanes during that year even more than we spent during the previous year. The spending for military construction was even more than it had been during the previous year. Nevertheless, the fact remains that there had been such an excess in appropriations remaining from prior years that the administration was in the position that it did not need to ask for as great an appropriation during that year, even though it actually spent more money on defense than its predecessor administration had spent.

Mr. President, I believe that some new Members of the Senate would be interested to know that since the end of World War II we have given to our friends and allies in the world a grand total of \$45,510,000,000. That amounts to approximately \$1,000 for every family in the United States.

Our debt today, in terms of purchasing power, is as great as that of all the nations of the world combined. Yet we shall be asked to raise the debt limit before this session of Congress ends.

I urge Senators to adopt the same philosophy with respect to spending money to help our allies that the Committee on Finance has very soundly adopted with regard to raising the national debt limit. What is that philosophy? It is the philosophy advanced by the distinguished senior Senator from Virginia [Mr. BYRD], who argued in that committee that we should not raise the debt limit until it had been proved it was necessary to raise it.

If my amendment were approved, according to the committee report, on page 12, the second from the last paragraph, there would be on hand \$6,360,000,000 of unexpended money at this time next year. I say that because on page 12 of the committee report there is an estimate that there will be on hand \$7,360,800,000 if the full amount is appropriated.

Why does the Foreign Operations Administration have this amount of money on hand? I believe I can tell Senators the reason. The reason is that we had a program which entailed obtaining agreements with our allies before we gave them arms and equipment paid for by the Treasury of the United States. However, our administrators had difficulty in negotiating such agreements with our allies. Therefore, if we look at the chart on page 13, we note that they were not successful in spending in the first year of the program 10 percent of the money given to them. It will be noted also that at the end of the second year they had not been successful in disposing of more than 30 percent of the money given them during the first year. However, that did not keep them from asking for money at an ever accelerated pace.

Why did they not, at the end of the first year, come to tell us that they could not get rid of the first \$5 billion, and that they still had \$4 billion on hand at the beginning of the second year? Why did they not come to us and tell us at the end of the second year that they were not able to get rid of the \$10 billion they had on hand, and that they had been able to get delivery of only a little more than \$2 billion?

It is because they advanced the philosophy that if they could not get rid of all the money in 1 year they should double up on the amount to be spent in the next year. They were faced with the fact that they were unable to make their program move as fast as they wanted, and to give away money at the rate of \$5 billion a year. At the same time, we have been continuing to appropriate money at an ever accelerated pace.

With regard to our own military program, the Secretary of Defense made the discovery that money had been requested too fast with regard to air bases. He reduced the appropriation for air bases, and we had a fight on that point on the floor of the Senate, and the Secretary was upheld.

The Secretary of Defense found that he had money far in advance of requirements for acquiring airplanes. Thereupon he reduced his request for new appropriations for that item.

Such reappraising has not been done in connection with this program. The committee has furnished a chart which proves that to be the fact. There will be on hand next year \$7 billion. There is no item in the program that we cannot acquire if we reduce the program by a billion dollars as of now.

What I should like to have done is to have the same savings and economies and replanning effected in connection with this program that we have seen applied to our own defense program. I should like to point to one example of the failure of replanning in connection with the expenditure of taxpayers' funds. That is in connection with Indochina. If Senators will look at pages 253 and 254 of the hearings, they will note that General Stewart told the Senator from Iowa [Mr. GILLETTE] that he had no idea how they could possibly dispose of the \$800 million provided in the bill for Indochina. He did not know what they would do with the money.

I do not have this information directly, but I do have it on good hearsay, and I will be interested to hear a statement on this item by the committee. The fact is that today we have on the docks in Indochina, still in the crates, approximately \$450 million worth of equipment which has never been taken from the crates in which it was shipped to Indochina. That is not to mention more than \$1 billion worth of equipment already in the hands of the French and Vietnamese, or the equipment that was funneled first to France and then into Indochina. In addition, there is \$600 million worth of equipment in the pipelines, on its way to Indochina. In addition,

\$800 million is provided in the bill for Indochina.

No war is going on in Indochina now. A truce has been signed. The terms of the truce pledge both sides to free elections. I have yet to hear one American expert tell me that he expects us to win those free elections. Therefore we can anticipate that on this whole program we may lose all of our expenditures, and our enemies may receive the full benefit of our enormous investments in that war.

There was some consideration being given to the fact that we should not spend the \$600 million that has already been appropriated, and that we should not spend the \$800 million requested in the bill. By how much did the committee cut it? The committee cut the \$800 million by \$72 million. They should have taken out the whole \$800 million. They should have also asked for a reprogramming of the \$600 million that was left over.

Let us take a look at Europe. According to the chart on page 19 of the committee report we have already given Europe in direct defense assistance and defense support \$17 billion worth of arms. There is no war in Europe. European countries are not using the machine guns, rifles, tanks, and planes that we have given them. There is no fighting going on there at all. I have had occasion to visit some of the enormous ammunition depots in Europe, stocked up sufficient for months of heavy fighting. They already have on hand \$17 billion of American equipment.

That is not the end of it. There is \$5,683,000,000 unexpended and \$2,527,000,000 unobligated for Europe. Why would there be \$2,527,000,000 unobligated for Europe? My best guess is that funds have been held back in the hope that some day France would ratify the European Defense Community and then we could use some of the \$2,500,000,000 to arm the Germans. That would be a good project, but why should additional billions of dollars be authorized awaiting something that may never happen? If we are able to ratify the European Defense Community, that will be a good time to take a new look at the whole program and see what else we could give those people. I point out that already we have on hand enough to keep the program going for another 2 years at the maximum rate of expenditure that has ever been reached.

In addition to the \$5,683 million for Europe, there is also on hand for Europe \$360 million for defense support, making a total amount of money for Europe, unspent, of approximately \$6 billion already. This bill provides another \$900 million. Certainly the program can be restudied, and reductions can be made.

In this program approximately \$20 billion has been spent to the present date for arming our friends and allies. Most of those arms are still on hand. At the present time there is \$9,500 million still left on hand, and even if my amendment carries, there will be left almost \$12 billion of unexpended funds. Think of it, Mr. President. That is two-

thirds of the amount of money spent under the entire Marshall plan over a period of 5 years. If this bill is passed, even with my amendment, there will be on hand, unexpended, two-thirds of the entire amount of money provided under the Marshall plan for the reconstruction of all Europe.

Senators will recall that when we undertook the Marshall plan we would not put such enormous amounts of unobligated appropriations in the hands of any administrator. We required a careful year-by-year check to see how much money had been spent and how much money was still needed. That program was carefully reviewed and checked year by year.

I regret to say that Congress has lost control of the program. It is completely beyond our control. Yet Senators, in all good faith, not wanting to be criticized for reducing defense spending, have found themselves voting year in and year out for the highest possible figure for our allies.

Let us see what happened last year. An amendment offered by the junior Senator from Louisiana to reduce the program by \$500 million came within four votes of carrying. What do we find this year? The Administrator now has on hand \$9,749,500,000. If my amendment had carried last year, the administration would now have on hand \$9,249,500,000. Would not that be difficult? Think what a difficult task would be imposed on him to operate his agency with a surplus of only \$9½ billion, just enough to carry him for 2 years. Would not that be unfortunate?

Mr. President, that is the program we have before us. The administration has not been able to spend all the money. The wars have stopped. The situation has changed. There is a truce in Indochina. But does that cause our officials to slow down the rate of spending? No. They say, "Give us every possible bit."

The Appropriations Committee has examined some of these generals. They were asked, "What will you do with the \$800 million when the war ends in Indochina?" They said, "We can reprogram the money." Yet every program they have already has adequate funds for more than 2 years and 3 months. When they reprogram, all they can do is to project the program another year or two further in advance.

When enormous piles of dollars are made available to administrators, the effect on them is to chastise them for the fact that they could not get rid of the money any faster than they did. It is discouraging to anyone who is trying to economize and save the taxpayers' money.

It also places our allies in a very advantageous position. They know that our administrators are on the spot, because they have not been able to spend all the money. The result is that if our allies hold back and drag their feet a little, American officials will extend even more cooperation and let them have things even more their own way.

I recall that when I was in France there was a great furor because the

French had understood that they were to have a contract to produce approximately \$600 million of American military equipment each year. It seemed as though the Foreign Operations Administrator was not going to give them quite that favorable a contract for the employment of French labor. They were somewhat doubtful that they would accept any of our money if we did not extend the contract to produce more of the equipment in France. That is the sort of situation we get into.

I regret that the late Senator Taft of Ohio is not with us today, because I recall so well how many times he stood on this floor and eloquently argued for a reduction in the rate of foreign-aid expenditures. I recall that the junior Senator from Louisiana voted with the Senator from Ohio in every one of those attempts. Generally speaking, he was only trying to reduce the program by 10 percent year by year.

In those cases the Administrator was able to show that, if we did not give him that 10 percent, it would mean a slowdown of the program. There is no such showing here. There is money enough to operate the program for more than another year. If Congress wishes to step up the rate of expenditure, it can step it up next year. There need be no slowdown when there are more than 2 years' funds on hand.

One of Senator Taft's last statements to the press was that he felt we would either have to stop this program or to reduce it drastically, because he felt that the public would not stand for it much longer.

We have seen complaints about the cost of our farm program, and yet my understanding is that all the losses actually sustained in our farm program to this date do not amount to much more than \$1 billion.

If this amendment carries, a slowdown and a careful study of the amount of money that is being spent could mean the saving of as much money as the entire American farm program has cost the American taxpayers in 20 years.

If we are to reduce this program, I submit that the time to do it is before the Appropriations Committee reports to the Senate. It is contemplated under the law that when Congress authorizes these programs, the authorization bill should be passed before the Appropriations Committee acts. In the haste with which we must act, the Appropriations Committee has not been able to wait for the authorization. It has had to go ahead and act on the appropriation. At least we would be in position to instruct the committee that we believe it should insist upon some economies and upon a careful study of the whole program, particularly a study of what will be done with the hundreds of millions of dollars entailed for Indochina, amounting to a gross of more than a billion dollars, which now must be reprogrammed, to see whether we should appropriate all of that great amount of money.

Furthermore, Mr. President, I should like the Senators to remember that this is—

Mr. SMATHERS. Mr. President, will the Senator yield?

Mr. LONG. I yield to the Senator from Florida.

Mr. SMATHERS. The Senator will remember that the other day the Senate voted—I think 86 to 2—for an amendment which I offered, to increase the technical-assistance appropriation for Latin America. I wonder how the Senator's amendment would affect the amendment which was approved the other day, and how consistently one might support the Senator's amendment after having supported the amendment to increase technical assistance to Latin America.

Mr. LONG. My amendment does not at all affect the technical-assistance program. My amendment applies to titles I, II, and IV of the bill. The technical-assistance program is title III of the bill. I believe the technical-assistance program has been carefully studied. As the Senator well knows, there has been much criticism of the economic aid portion of the bill. Therefore, that portion has been carefully scrutinized and cut down.

On the other hand, everything under the military program has been rushed ahead, and billions of dollars have been provided in excess of that amount which would be spent in the next 2 years.

With regard to the amendment of the Senator from Florida that would not at all be affected by the amendment I am offering. My amendment applies only to titles I, II, and IV. The amendment offered by the Senator from Florida applies to title III, and provides for a mere \$10 million. I am talking about billions of dollars.

I wish to point out that this program will not save this Nation. Much of the program is of a psychological character, designed to encourage our allies to resist in the event they are attacked. The weapons we shall be providing will not be modern weapons or the latest weapons. In the main they will be weapons which our armed services do not have in short supply. There will be no need to cut back on the production of any weapons which any of our allies may want.

If Senators will turn to page 9964 of the Record, they will find that the Comptroller of the Department of Defense testified before the Committee on Appropriations that the Army already has on hand \$2 billion more than it needs. So if there is any worry in the mind of any Senator that we might produce tanks, guns, or aircraft more slowly than we should, I simply point out that the Army already has on hand \$2 billion more than it needs, according to the statement of the Comptroller of the Department of Defense.

Furthermore, there is more than a 2 years' supply of cash on hand ahead of time for this foreign-aid program.

In the main, the program is one which contemplates that any effort to subjugate or overcome a friendly power must be by a major Russian effort, instead of by internal subversion. No matter how much we give to our allies—including the \$20 billion already given, the \$9 bil-

lion now on the way, and the \$3 billion requested in the bill before the Senate—there will still be an overwhelming power on the Russian side, in the event Russia chooses to start a war.

The type of armament to be provided under this program will only make it possible for our allies to put up some effective resistance, so as to make it necessary for the United States to consider its position before Russia could subjugate those powers.

This military program only makes it inevitable that if Russia starts world war III, it will start the war by a direct attack on the United States of America, rather than starting the war against some foreign power which could be quickly overcome, but only by raising the probability that the United States would go to war against the aggressor.

Any nation planning a major aggression against the free world must realize that it must destroy the productive and fighting power of the United States. If that could be done, the aggressor then could easily overcome and destroy all the other nations. In fact, many of them would not fight because they would know they would be quickly brought to their knees.

In the long run, it will be found that the only nation which will save the United States is the United States of America itself. This program does not reduce the essential expenditures necessary for the defense of this country. Our generals and admirals who testified for the program stated at the inception that the foreign-aid program would not reduce the defense requirements of this Nation. It is nice to have our allies armed; but in the last analysis no one but Americans are going to save the United States of America.

I hope the amendment will be agreed to. I am positive that it will not mean a slowdown in the rate at which we can supply arms to our allies. I believe it will result in a careful restudy of the program, and will result in a saving of money. I do not believe the amount of the saving can be foreseen at the moment, but I am certain that it will be in the interest of the taxpayers of the Nation.

Mr. HAYDEN. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. HAYDEN. I wish to make reference to a statement which I understood the Senator from Louisiana to make to the effect that the Committee on Appropriations was not diligent in checking up on the foreign-aid expenditures. Expenditures are what count and not appropriations or authorizations.

In the 1953 fiscal year, for all purposes, the United States spent \$5 billion for military and economic foreign aid. In the last fiscal year which has just ended, \$4,800,000,000 was spent. The present fiscal year rate of expenditures, as estimated by the Bureau of the Budget is \$5 billion.

The \$5 billion is made up of \$3,500,000,000 which is to be appropriated this year, and \$1,500,000,000 carried over from moneys which have been previously ap-

propriated. This means that \$5 billion will be expended from the Treasury of the United States. What affects the American taxpayer is the actual amount of money being paid out of the Treasury.

There will be collected from the American taxpayers this fiscal year some \$60 billion. There will be expended on foreign aid, military and economic, in this fiscal year, \$5 billion or one-twelfth of the total collections.

This use of one-twelfth of the Treasury income insures that if the United States is engaged in a war, American soldiers will not have to do all the fighting, but that there will be men of the free nations fighting along side of them. In my opinion, the war will not begin in the United States as our good friend, the junior Senator from Louisiana, would imply. The United States may be attacked. I agree that the attack may be from the air. But as to the fighting on the ground, I want it to be as far away from the United States as it can be, and I want help to come from every free nation in the world.

Mr. LONG. Mr. President, will the Senator yield?

Mr. HAYDEN. I yield.

Mr. LONG. First, may I say to the Senator that I make no reflection upon the members of the Committee on Appropriations; but I believe every Senator has some responsibility.

I ask the Senator from Arizona if it is not true that there is already on hand \$9,500,000,000 which in itself is almost enough to carry the program for another 2 years.

Mr. HAYDEN. No. That money, as the Senator knows, is not available for expenditure now. It is committed under a long-term program. I am speaking of money which will be paid in the next fiscal year from previously appropriated funds. That is \$1,500,000,000.

Mr. LONG. Mr. President, will the Senator yield for a question?

Mr. HAYDEN. I yield.

Mr. LONG. In the funds which we are discussing, is it not true that there is about \$2,700,000,000 which is not even committed as of this date, and that of the funds committed \$700 million is committed to Indochina—a proposal which should be restudied?

Mr. HAYDEN. There is no doubt about that. The Committee on Appropriations is now considering what to do about the money programed for Indochina.

But the junior Senator from Louisiana figures there is \$2,500,000,000 uncommitted. The Committee on Appropriations is considering estimates which provide that \$1,500,000,000 will be committed next year, and that requests for \$3,500,000,000 of new money be appropriated.

Mr. DOUGLAS. Mr. President, the Senate apparently is about to vote, but I have not heard from the distinguished leadership of the majority party as to what their basic position is on the amendment now being offered by the Senator from Louisiana, or what their reply is to the very cogent arguments which he has been making.

In times past, I have heard speeches similar to that which the Senator from

Louisiana has just made, but they have, however, come from the other side of the aisle. It is interesting to see some reversals in the roles.

I am now wondering whether the other side of the aisle agrees with the amendment offered by the Senator from Louisiana, or whether they are opposed to the amendment.

I therefore rise to ask unanimous consent if I may be permitted to ask either the eminent majority leader or the distinguished chairman of the Committee on Foreign Relations as to what the position of the majority party is on the amendment offered by the Senator from Louisiana.

Mr. WILEY. Mr. President, I am very happy to respond to the inquiry. I heard the distinguished Senator from Louisiana speak this morning, and I heard him speak again this afternoon, quoting figures and debating the question to a considerable extent. I told him that I admired his energy, but I can assure the distinguished Senator from Illinois that the President of the United States has spoken very authoritatively against the amendment, as also have General Gruenther and Admiral Radford.

I quote the President:

For the new program I urge that the Congress authorize new appropriations to the President in the amount of approximately \$3,500,000,000. This amounts to approximately a 40-percent reduction in 2 years. Further reductions in the authorized program at this time, in view of the continuing threat to our national safety—

I emphasize that—

in view of the continuing threat to our national safety, would be unjustified and unsafe. Because the new program is in larger measure a continuation of existing programs, its success requires reauthorization for expenditure of funds that are still unexpended.

Mr. President, I heard this morning and I heard this afternoon about all the money which the Senator said was unexpended. I am sure the distinguished Senator from Louisiana realizes that when an airplane is built or when a warship is built it is not paid for, according to the contract, until the money is due.

The Senator called attention to the fact that while there was \$9,749,500,000 unexpended as of June 30, out of the total amount, there was only \$2,604,000,000 which had not been obligated. How much has been obligated in the last 30 days I do not know, but "all the world is a stage." We have certainly seen dynamic situations recently which called to our attention the importance of this matter.

When the President of the United States, who is a great general, and Admiral Radford and General Gruenther tell us that this program is necessary to be continued in the interest of the United States, who am I to hold back, especially after the Foreign Relations Committee voted almost unanimously, with only two dissenting votes, to sustain this program?

We did cut the program to some extent. We cut it from \$3.5 billion to \$3.1 billion.

I could repeat a number of the arguments which were made this morning,

but that would only take time. I wish to state this amendment would add a new section imposing an overall ceiling of \$2,066,000,000 on authorizations for title I, Mutual Defense Assistance, title II, Development assistance, and title IV, Miscellaneous Programs. As approved by the committee, for those three titles appropriations of \$3,196,772,000 are authorized. Of this amount \$228,300,000 is for items for which no appropriations are requested within this fiscal year, so that so far as fiscal year 1955 is concerned the authorization in the committee bill is \$2,968,472,000. The amendment of the Senator from Louisiana [Mr. Long], however, is not limited to fiscal year 1955. It would, therefore, make a reduction of \$1,130,772,000, or more than 30 percent. A reduction of this magnitude would result in a complete change in the character of this program. It would make impossible the carrying out of many of the activities specifically provided for.

Mr. President, something has been said about Indochina. I know the Senators many times do not listen to speeches of other Senators, but time and time again I did speak on this subject, and I referred to it when I opened this debate. In that speech I called attention specifically to a letter I received from the Secretary of State on the very issue of Indochina. Of course, the letter resulted from an evaluation of the world situation in the Far East. I shall read the letter again, so that the distinguished Senator from Louisiana may understand what I said before, and what the Secretary said.

This is a letter of July 22, 1954. I wish to say that what caused me to ask for this information was the changed situation in the Far East.

The Secretary addresses me as follows:

DEAR SENATOR WILEY: You have asked me whether in my judgment the signing of armistice agreements regarding Indochina diminishes the need for funds requested for the area of southeast Asia and the western Pacific in the mutual-security legislation now before the Congress.

I believe that the armistice does not diminish the need for these funds. If anything it increases the need to have available funds with which to build the defensive capabilities and strengthen the resistance of the free nations in the area.

Mr. President, let me say parenthetically that we have the executive branch of the Government speaking, which branch, under the Constitution, has the authority and the power to speak in terms of foreign relations. This is the Commander in Chief speaking through his servant, in relation to what is needed for the defense of this nation.

I continue:

When I appeared before the Foreign Relations Committee during the hearings on this legislation and discussed the need for funds in this area, the possibility of a settlement of the nature which has now taken place was already foreshadowed. As you will recall, when I testified as to the importance of having a flexible fund to build strength in this region, I emphasized the need for it even should such a settlement occur and I believe this was also held in mind by members of your committee. In my estimation, the gain which communism has now established in this area should be a warning to all the people of the region as well as to ourselves

of a need for a determined effort to preserve their freedom. I believe no one can now foresee exactly how these funds will be used. However, their availability will be essential for the success of plans now under way. In the event that unforeseen circumstances prevent the efficient expenditure of these funds for the purposes of strengthening the area against further Communist encroachment, they will of course be held unexpended for future disposition by the Congress.

For these reasons I believe it is a matter of grave importance to the national interest that these funds be available and I trust that the Congress will see fit to authorize and appropriate them.

In the discussion the other day, as was brought out by the distinguished Senator from Louisiana, several comments had been made in relation to equipment and materials, and so forth. I should like now to make a statement which I believe answers some of the hypothetical statements—which is all they are—made in relation to this matter.

Several questions have been asked on the floor during the debate on this mutual security bill about the equipment and materials which we have furnished in the Indochina war. I wish to give the best answers which I can to these questions. I have discussed these matters with representatives of the Defense Department and the State Department, and I feel sure that I can provide the Senate with satisfactory answers to all the questions which have been asked.

First, the question has been asked whether all possible steps are being taken to prevent the equipment which has been furnished by the United States to defend Indochina from falling into Communist hands? The answer to this question is "yes." I am informed that all further shipments of equipment to Indochina have now been stopped, and shipments on the high seas have been diverted elsewhere. With regard to equipment which is already in Indochina, the situation is this. General O'Daniel—"Iron Mike" O'Daniel—the chief of the United States Military Assistance Advisory Group in Indochina, is working very closely with General Ely, the commander of the French forces in Indochina. The French have assured us that they are determined to prevent military equipment from falling into the hands of the Communists, and that they will evacuate from northern Vietnam the maximum quantity of military materiel which it is physically possible to remove under the circumstances. General O'Daniel is satisfied that the measures which the French are taking and plan to take in the future will afford adequate protection. As you know, the terms of the armistice agreements in Indochina allow 10 months for evacuation of forces and their equipment from areas which will be eventually controlled by the Communists.

Now, the second question which has been asked has to do with the legal situation regarding military equipment which has been furnished by the United States. I am informed that the facts are as follows: Title to military equipment passes to the receiving country when we deliver it to the receiving country. That is, in the case of equipment for the French in Indochina, title passes when

we deliver it in Saigon or when it is placed aboard a French ship for transport to Indochina. On the other hand, even though the French have title to the equipment which has been delivered to them, that equipment was furnished to them for the purpose of defending against Communist aggression. They have signed an agreement with us that when the equipment is no longer needed by them for the purpose for which it was furnished they will offer to return it to us. Therefore, we have the right to work out with the French the disposition of the equipment which is now in Indochina. Negotiations with the French are now underway.

It should be pointed out that several possibilities are open with regard to the disposition of this equipment. Some items excess to continued French needs in that area may be returned to the United States for appropriate disposition by this Government. Some items may be turned over by the French, with the consent of the Government of the United States, for use by the Governments of Cambodia, Laos, and free Vietnam in the defense of their territories. The precise quantities of equipment and materials which will fall into these several categories remains to be worked out in the months ahead, as circumstances develop in that area.

Everyone should be aware that on many of these matters, answers more precise than the ones I have just given cannot be given. The situation in Indochina is a brandnew one. The ceasefire agreements are susceptible of various and sometimes conflicting interpretations. We do not know in detail what the plans of the independent Governments of Cambodia, Laos, and free Vietnam will be. We do not know what role the International Truce Commission will play.

What we do know is that the free nations of the world have suffered a setback in Indochina. It is true that the request for an emergency fund for Indochina was based on some assumptions which no longer are valid. But the vital thing to remember is that the situation is worse, not better, than it was then assumed to be. The President has asked for an emergency fund to deal with the whole problem of the defense of southeast Asia and the western Pacific. We should not deny him that means of coping with the dangers and problems which lie ahead in strengthening that area against any further advances by communism.

Mr. DOUGLAS. Mr. President, will the Senator from Wisconsin yield?

The PRESIDING OFFICER (Mr. GOLDWATER in the chair). Does the Senator from Wisconsin yield to the Senator from Illinois?

Mr. WILEY. Does the Senator from Illinois wish to ask a question?

Mr. DOUGLAS. Yes.

Mr. WILEY. I yield.

Mr. DOUGLAS. Let me ask the very eminent Senator from Wisconsin whether he agrees with the statement of the Senator from Louisiana [Mr. LONG] and the Senator from Arizona [Mr. HAYDEN] that the administration is plan-

ning to spend next year on foreign aid approximately the same amount as in past years, namely, approximately \$5 billion?

Mr. WILEY. Let me say that of course when there is a pipeline, there is difficulty in getting deliveries started; but once the start is made, the volume of deliveries increases. For example, only today or yesterday I heard a statement that some of the jet planes we authorized in 1951 for delivery to Turkey are just now being delivered. In other words, once the authorization is made and once the pipeline is established, some time must pass before the deliveries are actually made—in this case to the Turks. We have to authorize the appropriations and make the appropriations well in advance of the delivery dates.

Having that situation in mind, and considering the approximately \$3 billion which we propose to authorize for appropriation at this time, we expect the balance will come out of appropriations we have heretofore made. I think the statement made by the distinguished Senator from Arizona [Mr. HAYDEN] is substantially a correct one.

Mr. LONG. Mr. President, if the Senator from Wisconsin will yield to me at this point, for a question—and if the Senator from Illinois will permit me to ask a question at this time—

Mr. DOUGLAS. Certainly, if the Senator from Louisiana wishes to ask a question.

Mr. WILEY. I yield.

Mr. LONG. Is it not true, based on the chart on page 15, that this administration is giving away money twice as rapidly as the Truman administration succeeded in giving away money in connection with the same program, in the last year it was in office? I ask that question because in the last part of the Truman administration, they succeeded in giving away \$2,500,000,000 under this program, whereas the present administration has, under this program, been giving away money at the rate of \$5 billion this year.

Mr. WILEY. I think—

Mr. DOUGLAS. Let me ask the Senator from Wisconsin whether that is a fact.

Mr. WILEY. Let me say that once a manufacturing operation has begun, there is greater efficiency as time passes and as greater experience is had in the operation.

In this case, it is possible to do a better job after the operation has been well begun. So the deliveries are now reaching the maximum, if that is what the Senator from Louisiana means.

Mr. DOUGLAS. Is what the Senator from Louisiana has said actually true?

The PRESIDING OFFICER. The Senator from Wisconsin has the floor.

Mr. DOUGLAS. I beg pardon, Mr. President.

The PRESIDING OFFICER. Does the Senator from Wisconsin yield for a question?

Mr. WILEY. Yes, Mr. President, I yield for a question.

Mr. DOUGLAS. Does the Senator from Wisconsin agree that the Senator from Louisiana has made a correct state-

ment in view of the fact that it seems to be borne out by the chart appearing on page 15 of the hearings? I refer to the point made by the Senator from Louisiana, to wit, that whatever may be the authorizations, the present administration is now spending on foreign aid at a rate approximately twice that of the last year of the Truman administration.

Mr. WILEY. In making that statement, the Senator from Louisiana is not placing the matter on a fair basis. This administration is now paying for what the Government contracted for in the last years of the preceding administration. The articles are now being placed in the pipeline and delivered.

Mr. DOUGLAS. Mr. President, will the Senator from Wisconsin yield for another question?

Mr. WILEY. I yield.

Mr. DOUGLAS. Do I correctly understand that the request for the present authorization is approved by the President of the United States, and that the White House is opposed to the amendment of the Senator from Louisiana [Mr. LONG]?

Mr. WILEY. The Senator from Illinois has asked a double-barreled question. I would say the President is opposed to any substantial cuts.

Mr. DOUGLAS. The amendment of the Senator from Louisiana proposes a cut of \$1 billion. Therefore, is it correct to say that the President of the United States is opposed to the amendment of the Senator from Louisiana?

Mr. WILEY. That is correct.

Mr. DOUGLAS. Let me ask whether the Republican policy committee is opposed to the amendment of the distinguished junior Senator from Louisiana?

Mr. WILEY. I assume it is opposed, although I am not a member of the policy committee.

Mr. DOUGLAS. Will the Senator from Wisconsin permit me to state that in times past, as the Senator from Wisconsin is well aware, I have supported the foreign-aid program, both under the Truman administration and under the Eisenhower administration.

Mr. WILEY. Yes; and I honor the Senator from Illinois for it. I, too, have supported the foreign-aid program under both the Truman administration and the Eisenhower administration.

Mr. DOUGLAS. I know that, and I congratulate the Senator from Wisconsin for it.

I have given this support because I have believed we had to have allies; that in the case of Europe we needed to build up the economic health of those countries; and that in the case of certain countries, we needed to provide arms. Let me say that I also believe in the technical assistance program for the people between Cairo and Singapore as a practical way of demonstrating Christian friendship and in the process helping win friends among the neutral and uncommitted third of the world. However, I have been placed in a very peculiar situation in my own State of Illinois, in that after having supported the Eisenhower foreign-aid program last year, I was then attacked by virtually

every Republican leader in my State and was denounced for my program of supporting the Eisenhower foreign-aid program. The Republican leaders who denounced me for that include some of the leaders who now seem to be in great favor at the White House.

Mr. WILEY. Has the Senator from Illinois asked me a question?

Mr. DOUGLAS. So I wish to make certain, this afternoon, where the White House stands on the program. If the White House favors foreign aid, and is opposed to the amendment of the Senator from Louisiana [Mr. LONG], I think the White House is taking a correct position—much as I love the Senator from Louisiana.

However, do you think it is quite fair for me to be put in the position of diving into the water to help save the child of the administration, and then, when I get to the shore, to have the administration and the Republican leaders say, "That is not our child, and you are wasting our money"?

Mr. WILEY. Mr. President, that is a wonderful question, and I agree with it. [Laughter.]

Mr. DOUGLAS. I was asking the question of the Senators on the other side of the aisle.

Mr. WILEY. In response to the question of the senior Senator from Illinois, let me say that, on the subject of the foreign-aid situation, the Senator from Illinois and I have seen a great many matters eye to eye. Let me also say that I have been condemned by some of my own Republican brethren for some of the same things for which the Senator from Illinois has been condemned. However, in that connection I may refer to the statement made about a famous Democrat: "We love him for the enemies he has made." I think that statement is applicable in the case of the Senator from Illinois.

Mr. DOUGLAS. I glory in those enemies. [Laughter.]

Mr. WILEY. Yes. So now we have on this floor a demonstration of the American way. We can disagree.

I wish to make a little clearer my position on this matter, because I respect the distinguished junior Senator from Louisiana [Mr. LONG]. I realize that anyone who keeps his eye on the dollar at this time is very much honored in the United States; he is supposed to be one who thinks in terms of saving the ship of state. However, in my humble opinion, as was said earlier today by a distinguished Senator, the money we are spending on this program constitutes the best insurance-policy premium we can pay to save America. If we do not spend this money abroad, we probably shall have to spend 10 times as much in preparing our national defense within our own borders—although of course that is a matter of opinion. Yet that opinion is based upon the statement of one of our great leaders in the military field. His statement was made before our committee.

Mr. LONG. Mr. President, will the Senator from Wisconsin yield at this point, for a question?

Mr. WILEY. I yield for a question; but the Senator from Louisiana must admit that I have been very patient today, for I have listened to him make the same speech twice. [Laughter.]

Mr. LONG. Will the Senator from Wisconsin agree that it is a good idea to know what our money is to be spent for, when we appropriate it by the hundreds of millions of dollars? Does not the Senator from Wisconsin think it is a good idea for us to know precisely what our money is to be spent for?

Mr. WILEY. Of course I do.

Mr. LONG. Does not the Senator from Wisconsin agree with me that in carrying out the program, \$600 million of appropriations have been made for Indochina, although the Senator's letter has explained that those funds or goods purchased with them will not be sent to Indochina; and \$800 million of new appropriations are now proposed to be authorized for Indochina, although in the Senator's letter it is explained that that money, or goods purchased with it, will not be sent to Indochina?

Mr. WILEY. I fully agree that we can get a bill of particulars. We got one last night. We can get a bill of particulars every time about the future. If we could look into the crystal ball and see what is going to happen here or there, we could tell exactly where we were going to spend the money. The Secretary's letter says that. We do not know what will happen in the Far East tomorrow, because the Kremlin is pulling the strings. We do not know what will happen anywhere, but we must be prepared, and appropriate money at the proper time.

Mr. DOUGLAS. Mr. President, will the Senator permit me to make a reply to the Senator from Louisiana [Mr. LONG] in defense of the administration?

Mr. WILEY. I love the Senator for that.

Mr. DOUGLAS. Let me say to my good friend from Louisiana [Mr. LONG] that although we have lost out in northern Indochina, and although the elections may turn against us in the rest of Indochina, we have not given up the struggle to keep southeastern Asia free; so we are trying to create an alliance of those people and other nations in that part of the world to keep communism out of Thailand, Burma, Malaya, Indonesia, the Philippines, and so forth. So I think it is proper that there should be an uncommitted authorization which can be used for these purposes if the administration is successful in negotiating such a treaty.

I am delighted to defend the administration on this point. I regret only that our good friend from Wisconsin [Mr. WILEY] has been left alone, as he so often has been, to defend the administration on the other side of the aisle. The good Senator from Wisconsin has carried the burden for the administration and for the cause of world peace, and he has had nothing but kicks and cuffs from his party for his pains.

I should like to say that the Senator is a great American and deserves the thanks not only of his country, but of his party; and if his party will not

thank him, I, at least, will do so from this side of the aisle.

Mr. SMITH of New Jersey. Mr. President, will the Senator yield for an interruption? I wish to help my distinguished colleague [Mr. WILEY] for a moment, and answer what the distinguished Senator from Illinois has said.

Mr. WILEY. I yield.

Mr. SMITH of New Jersey. The entire membership of the Foreign Relations Committee supported the bill.

Furthermore, the Republican policy committee is supporting the bill. The Senator from New Jersey has been fighting for the bill for months.

At this point I ask unanimous consent to insert in the RECORD—

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. SMITH of New Jersey. Just a moment.

I ask unanimous consent for the insertion in the RECORD of pages 10, 11, and

12 of the committee report, with the tables of balances that have been discussed so much.

There being no objection, the pages, together with the tables, were ordered to be printed in the RECORD, as follows:

5. UNOBLIGATED AND UNEXPENDED BALANCES

The committee thoroughly examined the amounts unobligated and unexpended from previous appropriations, which the bill carries over. The following table shows these balances as of June 30 last year, with estimates for June 30 this year and next year:

Unexpended and unobligated balances

[In thousands]

Category	June 30, 1953		June 30, 1954		June 30, 1955, unexpended balance (estimate)
	Unobligated balance	Unexpended balance	Unobligated balance (estimate)	Unexpended balance (estimate)	
Grand total.....	\$2, 115, 400	\$10, 061, 100	\$2, 604, 300	\$9, 749, 500	\$7, 360, 800
Title I—Mutual defense assistance:					
Chapter 1—Military assistance:					
Sec. 103. General authorization.....	(1)	(1)			
Sec. 106 (c):					
(1) Europe, includes facilities assistance.....	(1)	(1)	2, 043, 200	5, 683, 100	
(2) Near East.....	(1)	(1)	167, 600	761, 500	
(3) Far East.....	(1)	(1)	254, 500	1, 067, 700	
(4) Latin America.....	(1)	(1)	34, 700	58, 700	
Sec. 104. Infrastructure.....	(1)	(1)			
Sec. 105. Development of weapons of advanced design.....	(1)	(1)	27, 000	50, 000	
Total, chapter 1.....	(1)	(1)	2, 527, 000	7, 621, 000	5, 587, 400
Chapter 2—Southeast Asia, the western Pacific and direct forces support:					
Sec. 121. Southeast Asia and the western Pacific.....	(1)	(1)		590, 000	
Sec. 122. Production for forces support.....	(1)	(1)		165, 000	
Sec. 123. Common-use items.....	(1)	(1)			
Total, chapter 2.....	(1)	(1)		755, 000	701, 400
Chapter 3—Defense support:					
Sec. 131 (b):					
(1) Europe.....	(1)	(1)	37, 500	360, 060	
(2) Near East, Africa, and South Asia.....	(1)	(1)		124, 300	
(3) Far East and Pacific.....	(1)	(1)		130, 600	
Sec. 132:					
(a) Korean program.....	(1)	(1)		160, 000	
(c) United Nations Korean Reconstruction Agency.....	(1)	(1)	10, 700	10, 700	
Total, chapter 3.....	(1)	(1)	48, 200	786, 200	662, 600
Total, title I.....	(1)	(1)	2, 575, 000	9, 162, 200	6, 951, 400
Title II—Development assistance:					
Sec. 201 (a):					
(1) Near East and Africa.....	(1)	(1)		72, 200	
(2) South Asia.....	(1)	(1)		65, 000	
Far East and Pacific.....	(1)	(1)		24, 700	
(3) American Republics.....	(1)	(1)		2, 000	
Europe (coal and steel loan).....	(1)	(1)		100, 000	
Total, title II.....	(1)	(1)		263, 900	224, 300
Title III—Technical cooperation:					
Sec. 304. Authorization.....	(1)	(1)		164, 500	
Sec. 306. Multilateral technical cooperation:					
(a) United Nations Technical Assistance.....	(1)	(1)		700	
(b) Organization of American States.....	(1)	(1)			
Total, title III.....	(1)	(1)		165, 200	136, 700
Title IV—Other programs:					
Sec. 403. Special assistance in joint control areas.....	(1)	(1)			
Sec. 405 (a). Movement of migrants and refugees.....	(1)	(1)		5, 900	
Sec. 405 (c). United Nations Refugee Emergency Fund.....	(1)	(1)			
Sec. 406. Children's welfare.....	(1)	(1)			
Sec. 407. United Nations Relief and Works Agency (authorization only).....	(1)	(1)	29, 100		
Sec. 408 (a). North Atlantic Treaty Organization.....	(1)	(1)			
Sec. 409. Ocean freight charges.....	(1)	(1)		700	
Sec. 410. Control Act expenses.....	(1)	(1)			
Sec. 411. Administrative expenses.....	(1)	(1)		6, 900	
Total, title IV.....	(1)	(1)	29, 100	13, 500	48, 400
No fiscal year 1955 request:					
Escapes.....	(1)	(1)		5, 100	
Basic materials.....	(1)	(1)		18, 900	
Sec. 550 sales.....	(1)	(1)		117, 000	
Special projects.....	(1)	(1)		2, 200	
East German food.....	(1)	(1)		1, 500	
Operation Reindeer.....	(1)	(1)			
Total.....	(1)	(1)		144, 700	
Recapitulation:					
Military assistance.....	1, 930, 500	8, 479, 000	2, 527, 000	7, 621, 000	5, 587, 400
Nonmilitary assistance.....	184, 900	1, 582, 100	77, 300	2, 128, 500	1, 773, 400
Grand total.....	2, 115, 400	10, 061, 100	2, 604, 300	9, 749, 500	7, 360, 800

¹ Breakdown not available due to different fiscal year 1954 appropriations structure.

The more significant figures in this table are not those of the unexpended balances, but those of the unobligated balances. The difference between the unobligated and the unexpended funds, which amounted to approximately \$7 billion on June 30, 1954, represents appropriations which have been obligated but not yet spent. The goods have been ordered, and they will have to be paid for when delivered. This balance of \$7 billion in obligated but unexpended funds, therefore, is not available for any other use.

The unobligated balance of \$2.6 billion represents funds not firmly set aside against a specific contract. Most of them, however, are definitely committed to specific programs, even though those programs have not yet advanced to the stage where the funds can be said to be obligated within the strict definition of that term insisted upon by the General Accounting Office.

In explaining the unobligated balances, Mr. Stassen stressed two factors which contribute to this situation. The Administration does not make firm programs until funds have been appropriated. After receiving its annual appropriation, programs are agreed upon with recipient countries and agreements negotiated to effectuate the programs. This process usually takes several months and sometimes longer. For example, before obligations for aircraft procurement for a recipient nation can be made, that nation must be prepared to receive the aircraft. This may involve technical training for its crews, lengthening of its runways, establishment of repair centers and similar advance work. Jet aircraft delivered to Turkey this year, for example, were paid for out of funds appropriated in 1950. These funds were at first unobligated and then unexpended, but if they had not been appropriated when they were and carried over from year to year, the Turkish jet air force planned in 1950 would not have come into being.

The Administration witnesses also pointed out that a certain level of unobligated balances would be desirable in any event to give flexibility in meeting new situations.

The great bulk of unobligated and unexpended amounts are in the funds for military assistance. This is the so-called pipeline created by time-consuming programing, contract negotiations, and long-lead items. For such complicated equipment as tanks, airplanes, and radar equipment, this production lead time runs as long as 2 or 3 years.

The Indochina situation, which required a considerable amount of transferring and reprograming during fiscal 1954, has also contributed to the amount of unobligated balances.

The chart on page 13 shows that expenditures are continuing to rise steadily while obligations are leveling off.

Particular attention is called to the inset which illustrates the fact that expenditures during 1953 far exceeded obligations, as more contracts became payable and fewer new contracts were let. This trend is expected to continue even stronger during 1954-55. The result is a shrinking of the unexpended balances. It will be noted that on June 30, 1953, the unexpended balances were \$10,061,100,000; on June 30, 1954, \$9,749,500,000; and on June 30, 1955, they will be an estimated \$7,360,800,000. As new appropriations and obligations are reduced, the pipeline in future years will become progressively less.

The committee felt, nevertheless, that a certain amount of water could be squeezed out of the unobligated balances and the requested new authorizations, taken together. After careful consideration of the varied factors involved, it reduced the total of new authorizations for which appropriations will be sought at this session of Congress from 3.4 to 3.1 billion dollars. The committee does not believe either the unobligated balances

or the new money can prudently be reduced further.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. SMITH of New Jersey. Yes.

Mr. DOUGLAS. Now that the Senator has said that the Republican policy committee supports the bill, that the President supports the bill, that the Department of Defense supports the bill, and that the Foreign Relations Committee supports the bill, will the Senator come to Illinois and tell the Republicans there all about the facts of life.

Mr. SMITH of New Jersey. I shall be very glad to do so.

Mr. DOUGLAS. I will rent a hall for the Senator so that he may do it.

Mr. SMITH of New Jersey. I am ready to go there.

Mr. WILEY. Mr. President, as was stated, the President of the United States supported this program, and he said that it was essential to the efforts of the United States in the field of international relations and national defense.

I believe that reductions such as those proposed by the Senator from Louisiana [Mr. LONG] are unwise and unsafe. Such a serious reduction would serve notice to our friends abroad that the United States is not really interested in helping to build the joint defenses of the free world.

It is imperative that we hold the line now. This amendment would seriously cripple the MSA program. It would make it impossible to carry out many of the plans which the administration has developed.

I repeat, as President Eisenhower said:

We have chosen to build defenses with our allies rather than go it alone because we are convinced that this course is more effective and less costly.

The President then substantiates the statement of the great general that this is a less costly procedure.

Mr. President, I spoke for an hour at the opening of the debate of this program. It is very apparent that some folks did not hear my speech, nor did they read it. I made two points. One that I stressed particularly was that when we began this program the idea was to rebuild the morale and the economic structure of our allies. We have succeeded in doing that. But in doing so we stopped a depression from coming upon this country, a depression which had been prophesied by men in high places and by great economists, on the basis of the experience after the First World War, when a depression did come.

We hear talk about pouring money into ratholes. This is not money poured into ratholes. It provides credit, which creates a demand upon the production plant of this country. It creates a demand upon the labor of this country. It puts money into the hands of the laboring men so that they can create a demand again. That is what happened, to say nothing about the fact that we have staved off a third world war.

I have heard a great many statistics given today. I shall not reply to all of them, but I invite attention to the fact that we are always talking about our allies falling down. The significant

thing is that since 1950 we have appropriated \$15.3 billion for our western allies. These funds, in combination with those put forward by other NATO countries, have led to the expansion of the NATO general forces.

What did the other countries put in? They put \$43 billion into their own defense, and we are talking about doing the whole job.

I am as much in favor of saving money as is anyone else.

Mr. LONG. Mr. President, will the Senator yield for a question?

Mr. WILEY. Just a moment.

I like to save many as much as does anyone, and I think I have as high a concept of trusteeship as anyone else.

When I came to the Senate I could not even continue my law partnership because I felt I could not serve two masters. I dissolved the law partnership. This job has had my full time.

Among the important functions of this job is the duty of seeing to it that when we spend a dollar belonging to this Government we should get value received. Value received does not consist merely of material value; it consists of preserving the great economic values, spiritual values, and political values of a nation.

Mr. President, that is what these programs are for, and in my humble opinion, despite all the closed-mind reasoning, in spite of all the isolationist tendencies, I cannot believe that we can close our eyes to the fact that this world has been shrunk by the ingenuity of man until it is a very small place.

Only the other day I used the illustration that when I was flying to Panama several months ago it required only 8 hours, but my previous trip to Panama required 5 days.

When my mother came to this country as an immigrant before the Civil War she was 6 weeks on the way. Yet only a few months ago a man crossed the ocean in a little more than 4 hours.

While I was flying to Panama, a man flew from Los Angeles to New York in less than 4 hours, indicating that this little globe of ours has been shrunk. With that has come, I trust, eyes that are open so that we can respond to that which is necessary to be done. So, Mr. President, I ask that this amendment be voted down.

Mr. HOLLAND. Mr. President, will the Senator from Wisconsin yield?

Mr. WILEY. I yield.

Mr. HOLLAND. I heard a very scholarly discussion of world affairs on Sunday by Mr. Howard K. Smith, the head of the CBS news gathering service in Europe. Perhaps the distinguished Senator from Wisconsin also heard it. The theme of Mr. Smith's discussion was the great betterment in many conditions affecting friendly nations, which he thought had resulted in large measure from the help which we had given them.

I recite some of the things he mentioned. First, in Britain, he said, there was the highest level of prosperity that had been found there in many years. He said it was the first time in 14 years that Britain had been able to stop rationing.

Mr. WILEY. That is correct.

Mr. HOLLAND. With reference to France, he remarked on the cessation of hostilities in Indochina and the fact that that would greatly relieve the budgetary burden of the French and would at once bring about better feeling there.

He spoke, of course, more directly about Indochina and the fact that funds which we had destined for that faraway place would no longer be needed there.

He spoke of Iran and the fact that within the past few days a settlement had been agreed upon between the Iranian Government and the former British owners of the oil concessions there for the settlement of their troubles and for the renewed production of oil.

He spoke of the Suez settlement and of the fact that it would remove from the British the heaviest single burden they have carried in recent years. I believe he said that some eighty-thousand-odd British troops had been maintained in the Suez Canal fortress up to this time, and that such forces would be withdrawn beginning almost at once.

He spoke of the fact that it was an open secret that a settlement of the Trieste disput awaited only the drafting of certain documents, and that such settlement would not only bring about relief from tension, but would reduce confusion and create greater economic stability.

He spoke of the fact that whereas Yugoslavia on the one hand, and Greece and Turkey on the other, had not been very friendly until recently, they are now at the point of executing a Balkan alliance which, he said, should be a highly stabilizing factor.

It seems to me that that statement points up the fact that the money we have been spending has been doing some good, and it may point up the fact also that it is now possible to begin to reduce, and reduce rather heavily, our spending.

Mr. WILEY. Which we have done in this bill.

Mr. HOLLAND. The Senator from Florida has not made up his mind what conclusion is the more logical at this time. Mr. Smith in his broadcast was merely reporting factually on the situation as he saw it.

I should like to ask the distinguished Senator from Wisconsin, the chairman of the committee which is handling the bill, to comment on these real betterments in world affairs which were so ably listed by Mr. Smith, and to comment on the effect of those betterments upon the program which is embodied in the pending authorization bill. Is it the opinion of the distinguished Senator from Wisconsin that we now have an opportunity to make a sizable reduction along the lines that have been suggested by the Senator from Louisiana [Mr. Long], or along some other lines; or is it the view of the distinguished Senator from Wisconsin that we should at least maintain the level of the foreign operations program which is embodied in the pending legislation in order that it may continue to be effective? I should very much appreciate an expression in some detail by the distinguished Senator from Wisconsin upon the question to which I have invited his attention.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator yield?

Mr. WILEY. I shall be very happy to respond to the challenging question. First I wish to thank the Senator from Florida for a very fine résumé of what might be called the constructive steps that we have taken.

Very often, in evaluating what is taking place, we have a tendency to look on the negative side, and very often we have the tendency to complicate our thinking, instead of simplifying it. The Senator from Florida has given a résumé of the many fine results which have been accomplished.

Mr. MAYBANK and Mr. JOHNSTON of South Carolina addressed the Chair.

Mr. WILEY. I should like to continue with my answer to the question of the Senator from Florida. First let me say, with respect to the help that has been given by us, that the program was started with \$7.6 billion in 1951. It was then reduced to \$6 billion, then to \$5 billion, and then to \$3 billion.

That gives an indication of the fact that, as Europe builds up its military defenses, the military part of the program can be reduced. There is no question that the economic part of the program is also being reduced.

I am satisfied—and again I must say that I cannot look into a crystal ball—that unless there appears on the world stage some eruption of a very serious nature which would take Europe into the maelstrom of war, next year we can make an additional reduction, as we have done this year. We have curtailed the program by 40 percent during the past 2 years. That is a great reduction, from a total of \$8 billion to less than \$3 billion.

I am satisfied that unless the Kremlin executes another of its so-called tactical utilizations of satellites, we can probably reduce the program again next year. Eventually—because to a large extent many of these countries are really becoming self-sustaining—it will mean that the opening up of trade among themselves, enabling Europeans to get rid of their tariff barriers, will result in an improvement in their health. Of course, those are dreams which depend on the attitudes of a great many people, and no one can foresee the future. However, I am sure the Senator from Florida entertains the hope that we shall see a little brighter sunlight than we see now.

Mr. HOLLAND. Mr. President, will the Senator yield for a question?

Mr. WILEY. I yield.

Mr. HOLLAND. The Senator from Florida has been hoping, with his friend from Wisconsin, not only that we would see more sunlight, but that we would be able to reduce the burden of the program in the very near future. I understand the Senator to say that some reduction as compared with last year is embraced in the authorization bill now pending before the Senate.

However, what has disturbed the Senator from Florida has been the apparent fact that approximately \$1,400,000,000 is admitted to be unallocated in this authorization measure. Although it was designed for use in the Indochina area,

it is apparently being held in reserve for any need that may arise in that area. Is the Senator from Florida correct in that understanding?

Mr. WILEY. I am informed that the major portion of it is programed, but not obligated.

Mr. MAYBANK. Mr. President, \$2½ billion has not been allocated. The Senator from Florida knows it, and the Senator from Wisconsin knows it.

Mr. WILEY. It is all programed.

Mr. MAYBANK. It has not been obligated.

Mr. WILEY. What is that?

Mr. MAYBANK. It has not been obligated.

Mr. WILEY. That is correct.

Mr. MAYBANK. It has not been obligated for anything. It is now being programed. They are programing a university for Ethiopia. If the Senator from Wisconsin does not know it, I know it.

Mr. THYE. Mr. President, that is not in the bill before us.

The PRESIDING OFFICER. The Senator from Wisconsin has the floor.

Mr. THYE. Mr. President, will the Senator from Wisconsin yield so that I may reply to the statement of the Senator from South Carolina?

Mr. WILEY. I yield.

Mr. THYE. Mr. President, the \$2½ billion to which the Senator from South Carolina [Mr. MAYBANK] just referred is in a bill lying on the table. I do not think we are discussing that item in connection with this bill.

Mr. MAYBANK. This is the authorization bill to carry on the building in Ethiopia, and the Senator from Minnesota knows that there is \$2½ billion that has not even been obligated. We are adding by this bill some \$3 billion to the \$2½ billion that has not been obligated, making an additional \$7½ billion that has not been spent. Is that correct?

Mr. THYE. However, that is an entirely different item from what we are discussing here.

Mr. MAYBANK. I agree with the Senator from Minnesota that it is not in this bill, because, of course, this has not been obligated. It has not even been passed.

Mr. THYE. Mr. President, we are discussing this bill, and if the Senator from Wisconsin will yield to me further—

Mr. MAYBANK. I wish to keep the record straight. This bill adds to that which has not been obligated and which is now before the Appropriations Committee, on which we held a hearing this morning.

Mr. THYE. However, that is technical assistance, an entirely different program from that which we are discussing in connection with the mutual security bill.

Mr. President, I have sat here this afternoon and listened to various figures being referred to in connection with different programs. I can only rise in defense of the Appropriations Committee, on which both the Senator from South Carolina and I serve.

Mr. MAYBANK. I am not saying an unkind thing against the Appropriations Committee. I am only giving the figures

which the staff of the Appropriations Committee compiled for me, from which it appears that \$7½ billion has not as yet been spent.

Mr. THYE. That is true.

Mr. MAYBANK. There is \$2½ billion which it is planned to spend, for which planning has not been completed. This program is in addition.

Mr. THYE. The program to which the Senator and I were giving consideration this morning in the Appropriations Committee is technical assistance. This is mutual security.

Mr. President, we must take into consideration that mutual security includes orders for tanks and airplanes of various types.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. THYE. I yield.

Mr. MAYBANK. But the administration has not even obligated all the money we appropriated 2 years ago. I agree with what the distinguished Senator from Wisconsin said about the good we have done, but I must agree with the Senator from Florida it is about time to do some good for our taxpayers. There is \$10 billion which we have not spent.

Mr. THYE. Mr. President, will the Senator yield further to me?

Mr. WILEY. I yield.

Mr. THYE. In all fairness to the particular program embodied in the bill before us, if we are to have military equipment, we must first plan it, program it, obligate the funds, and then wait for the completion of construction of the equipment, whether it be a plane, an atomic weapon, a tank, a battleship, or a submarine. We cannot place an order today and expect delivery tonight.

Mr. MAYBANK. I understand that.

Mr. THYE. An order placed in 1951 is delivered in 1954.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. THYE. I yield.

Mr. MAYBANK. I never suggested that the distinguished Senator from Minnesota was wrong about the obligation of funds. The point I wished to bring out was that we have \$2½ billion in another bill which we have not obligated.

Mr. THYE. That is in the technical assistance program and the general program which encompasses that type of assistance—welfare, health, and so forth.

Mr. MAYBANK. What is the difference?

Mr. THYE. This is the military program, and the other is technical assistance. The Senator can confuse me or even himself if he tries to combine these two programs in his thinking.

Mr. MAYBANK. I have been a member of the Appropriations Committee—

Mr. THYE. Longer than I have.

Mr. MAYBANK. No; I would not say that, but I am confused because there we find that \$7½ billion has not been spent, \$2½ billion of which has not been obligated. Now we have another bill for \$3,400,000,000, and the President has the right to transfer these funds.

Mr. THYE. Mr. President, I read from page 14 of the report, which is the most concise and specific source to which we could possibly turn to try to obtain clarification of the question which has become so confused in the debate:

The total amount requested by the administration this year is the least of any year since the military-assistance program began in fiscal 1950, and is considerably less than half of the peak year of 1951 when appropriations reached \$7.6 billion. Since then, there has been a steady decline to \$7.3 billion in 1952, \$6 billion in 1953, and \$4.5 billion in 1954, with \$3.4 billion requested and \$3.1 billion authorized for 1955.

Let us take a look at the drop since 1950. At that time the figure stood at \$7,600,000,000, and now it is down to \$3,100,000,000.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. THYE. I am happy to yield.

Mr. MAYBANK. Of course the Senator is absolutely correct. During the years for which he read figures, we were in the Korean war. Then we were in the Indochina war. We spent over a billion dollars on goods. The Senator knows that. General Van Fleet was before the committee the other day in executive session. I remember that he said on the record that he thought the \$800 million provided in the bill for Indochina ought to be used in a pool for other countries.

Mr. THYE. Mr. President, the Senator from South Carolina knows the appropriations question very well, because he is one of the most able members of the Appropriations Committee.

Mr. MAYBANK. I appreciate what the Senator has said.

Mr. THYE. The Senator knows that during the height of the Korean crisis we were borrowing from the account which had been made available to the European theater in order to fight the war in Korea; and today we are fulfilling the obligations which the Korean war imposed upon this Nation because we borrowed from the European theater to fight the Korean war.

Mr. MAYBANK. The Senator is correct.

Mr. THYE. Of course I am.

Mr. MAYBANK. I raised the point in the Appropriations Committee at that time that we were fooling the people by fighting the Korean war and not paying for it.

Mr. THYE. Exactly.

Mr. MAYBANK. Are we going to be fooled with respect to Indochina?

Mr. THYE. We borrowed from the European commitments to fight the Korean war, and we are today paying it back, just the same as if a housewife went to a neighbor and said, "Give me a bowl of sugar," and the next week she returned the sugar.

Mr. MAYBANK. The Senator is correct, but two wrongs do not make a right. Now we are borrowing from the Indochina fund. The Senator knows that, too.

Mr. THYE. The Senator and I know the appropriations question because we have lived with it for several years. I did not want the RECORD to be confused to the extent that we did not clarify the

point that we are today paying back some borrowed war merchandise which we took out of the European theater with which to fight the Korean war.

Mr. MAYBANK. The Senator is correct. I raised the point in the committee at the time, and I think the Senator did, also. In this bill are we going to borrow for Thailand and Burma from the Indochina \$800 million?

Mr. THYE. Today we are paying the bills that have been accumulating for 3½ years. That is one reason we see the authorizations dropping, but the financial cash outlay going up.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. THYE. I yield.

Mr. MAYBANK. Only yesterday afternoon the Senator from South Dakota [Mr. MUNDT] offered an amendment to the bill providing for the payment of all the obligations in certain areas, as the Senator knows, so far as appropriations are concerned.

Mr. JOHNSTON of South Carolina. Mr. President—

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from South Carolina?

Mr. WILEY. I yield.

Mr. JOHNSTON of South Carolina. Is it not also true that we have an unused surplus of approximately \$9,500,000,000 at the present time, and that of that amount, approximately \$2½ billion is entirely unallocated or unobligated? In this bill is there not an additional \$3,100,000,000 which will make approximately \$12,800,000,000?

I listened a few minutes ago to the Senator from Florida [Mr. HOLLAND], who spoke about a Mr. Smith broadcasting over the radio. Did the Senator hear that man say anything about our spending or giving away to other nations \$122 billion during the past 10 or 12 years? Did he hear him say anything to the effect that the United States has gone into debt by that much, and that we have increased our taxes by that much? Was there anything said at that time about that?

I should like to hear the Senator from Wisconsin explain the indebtedness which is being incurred at present, by giving our money away when we do not have it. We are going further and further into debt. Our national debt has become greater year after year.

So let someone speak sometimes about the United States, how it is going into debt, and how it owes twice as much as all the rest of the nations together. I should like to hear a little discussion along the line of our Nation's finances.

Mr. WILEY. The Senator from Florida [Mr. HOLLAND] can reply to that point when I have finished, if he wishes to. So far as I personally am concerned, I must say that the unexpended balance—

Mr. JOHNSTON of South Carolina. I did not think the Senator would care to discuss it. He does not care to discuss anything about the tax increases in the United States and about the debt this Nation owes. Those questions are always dodged when Senators are speaking

about giving money away. But they do not tell us how or where we are to get the money.

Mr. WILEY. I do not wish to be interrupted by the distinguished Senator, unless he desires to ask a question. However, I shall discuss the subject, since he has challenged me to do so.

The Senator has said we are going into debt. Yes; we are. But he did not mention the fact that the United States now has an annual output in manufactured goods of approximately \$380 billion. There was a time when the United States had a \$60 billion or a \$80 billion annual national income. Now the income of the United States is more than \$200 billion.

There is no need to become so wrought up, if we do not recognize the facts as they exist. If I thought a marauder was about to attack my home, I would not hesitate to buy some pretty good ammunition and weapons with which to protect my home.

The mutual-aid program is a protective program. The Senator can talk all he likes about giving money away. But the distinguished senior Senator from Florida [Mr. HOLLAND] showed the fruits which have been borne when he commented upon what he had heard broadcast over the radio by Mr. Smith, who described those fine results.

The peace which exists in the world today—it is not exactly peace, but at least what there is of it—is largely the result of the effort our country has made. I shall refer to statements to that effect made to me by two distinguished citizens of the world.

Some months ago a Japanese who held a high position in his government visited me in my office. I relate this incident because it corroborates what the distinguished Senator from Florida has said. He asked if I was the chairman of the Committee on Foreign Relations. I told him I was. I offered him a chair, and we sat down and had a conversation. He spoke very good English.

He said, "I have come to thank the American people through you. You know, when MacArthur went through the streets of Tokyo as a conqueror, millions of our people turned their backs on him. Why? Because they thought they had coming to them what our nation had always imposed upon a conquered people. We always applied the rule which the West applied: To the conqueror belongs the spoils."

"Weeks, months and years went by. But there was no spoliation. Instead, your country helped us to rehabilitate our people and our nation. You gave us faith. You brought us new ideas. You spent money upon us."

Mr. President, at about the same time I had a conversation with Chancellor Adenauer, who spoke in practically the same language.

He said, "When the Americans marched into Germany, we felt that they would apply the rule we had always applied: To the conqueror belong the spoils. But you did not commit spoliation. You encouraged us. You rebuilt our nation. You brought us a new view of life and a new conception of the function of a conqueror."

Senators can discount this attitude all they wish to, but when history is written a thousand years from now, it may be that the people of that era will look back to this time and say that it was then that humanity finally turned the corner and started up the road toward peace. Perhaps this is the beginning.

Mr. President, one cannot tell from the amendment offered by the Senator from Louisiana what portions of the program would be eliminated or curtailed. Would the Senator from Louisiana reduce the amount of military assistance by a billion dollars? Would he stop the flow of arms to Greece and Turkey? Would he make it impossible to carry out the projected building of the defenses of Japan? Would he stop arms aid to our allies in southeast Asia, at the very moment when a southeast Asian defense pact is in process of negotiation, as has been stated by the distinguished Senator from Illinois?

Mr. LONG. Mr. President, will the Senator yield?

Mr. WILEY. Let me finish; then I shall be glad to yield.

Or would the Senator from Louisiana make the reduction in other parts of the bill? Would he eliminate the item for direct forces and greater support in southeast Asia, thereby having the United States withdraw from the most critical area of the world?

Would he stop relief and rehabilitation assistance to Korea?

There is no way of telling which of these vital programs would be affected by the amendment, but there is a certainty that some of them would be affected; and to do so would be to lessen the security of and increase the danger to the United States.

I appeal to Senators to reject the amendment.

Mr. LONG. Does not the Senator understand that the purpose of my amendment is to require the Committee on Appropriations to make recommendations for a reduction of the overall program? The committee should examine into the \$1,400,000,000 allocated for Indochina. That program has been canceled.

Mr. WILEY. Again, my answer to the Senator's question is very clearly set forth in the letter of the Secretary of State and by the executive branch of the Government, which say, "No."

The executive branch of the Government is spearheading the United States foreign policy. Many of us would like to be justices of the Supreme Court; many of us would like to be Cabinet secretaries—perhaps Secretary of Commerce or the Secretary of State. But we are legislators. I recognize the responsibility of a legislator, but that responsibility is not to spearhead the foreign policy of our Nation.

Mr. DOUGLAS. Mr. President, will the Senator from Wisconsin permit me to rise again in defense of administration policy?

Mr. WILEY. I bow to the Senator from Illinois.

Mr. DOUGLAS. Is it not true that northern Indochina was merely the im-

mediate place where the struggle for southeast Asia was occurring; and that while the battle in northern Indochina has been lost, would it not be very mistaken for us, who have lost that individual encounter, to give up our own general policy? If we close southeast Asia, do we not lose India, because all essential rice would be shut off from India? If we lose southeast Asia, do we not probably also lose Japan, with Australia being threatened? Therefore, is it not rather fainthearted to "throw in the sponge" at so early a date, and to write off the entire effort?

Mr. WILEY. I think the answer to the Senator's question is a decided, "Yes." At least, I may say that I have been informed, as has the committee, that negotiations are now in progress to effectuate the security pact which the Senator has mentioned on several occasions; recognizing, of course, that if all of southeast Asia is lost, and with it India, also, approximately 500 million more human souls will be placed within the Russian orbit.

We cannot close our eyes to the potentialities of that situation. Consequently, again I say that the Senator from Illinois is precisely correct in supporting the administration.

Mr. DOUGLAS. May I invite the distinguished senior Senator from Wisconsin to journey southward to the State of Illinois this fall, and make similar statements in my State?

Mr. WILEY. I thank the Senator from Illinois.

Mr. HOLLAND. Mr. President, first I wish to say that I wholeheartedly approve of this much of the statement of the distinguished Senator from Wisconsin: The program has produced good results. There is no question in the world about that.

But it seems to me that with a budget framed last fall and winter, and with all the improvements in the international picture which have occurred since that time, a few of which were mentioned by me a while ago, certainly there should be some approach to a reduction of authorizations in this bill; and that any failure to recognize the possibility of such reductions closes our eyes to the fact that there have been great changes in the world, which enable such reductions to be fairly made. I am not at all sure that the figure incorporated in the amendment of the Senator from Louisiana has been accurately evolved, or that it correctly states the exact amount by which the authorization should be reduced; but I am not willing to, nor will I, vote for a bill which was predicated upon a budget drawn months ago, and one which does not reflect in the slightest the great improvements which have taken place in the international picture, and the fact that large blocks of the proposed authorization were designed to be spent in a place where such expenditure can no longer be spent. It seems to me it is unrealistic not to recognize the fact that certain reductions can appropriately be made. I was hoping the distinguished Senator from Wisconsin would give us some aid by suggesting what amount could be properly sub-

tracted from the amount embraced in the authorization bill.

Mr. WILEY. Mr. President, will the Senator yield?

Mr. HOLLAND. I yield to the Senator from Wisconsin.

Mr. WILEY. The committee did cut the amount by \$350 million. The Senator from Georgia [Mr. GEORGE] went along with that recommendation, recognizing the situation about which the Senator has spoken. I thought the Senator from Florida was discussing a short time ago what the idea of the Senator from Wisconsin was about the future years. As I said, I cannot look into a crystal ball, but I think, if conditions continue, we shall be able to continue reductions. When it is realized that the authorization has been cut about 60 percent from the amount recommended when the program was started, it will be realized that a tremendous reduction has taken place. This year the committee cut the amount much below the figure recommended by the President. It seems to me that action alone would entitle the bill to Senate support.

Mr. HOLLAND. The committee cut the new amount about 10 percent. Meantime, since the cut was made, there has been a cessation of hostilities in Indochina.

Mr. WILEY. Yes; and according to the best advice the committee could obtain, that event has precipitated a dynamic situation. I might say the proposal involves only an authorization. I understand the House of Representatives has cut the recommended authorization and the appropriation. That is my information. The committee decreased the recommended amount. It seems to me the action of the committee represented the action of men working hard and seeking to ascertain facts on which to base their action.

Mr. HOLLAND. It seems to me the action of the House of Representatives in cutting the requested appropriation heavily below the authorization which reached the Senate is realistic and justified, and I only hope I may have the opportunity to vote for some such reduction in the present proposed authorization. I think the reduction of \$1 billion suggested in the amendment of the Senator from Louisiana is too large a cut. I should prefer not to support so large a cut. But it does seem to me that a continuation of the authorization of a figure which was arrived at months ago, since which time the Indochinese war has come to an end, since which time the Iranian dispute has been settled, since which time the British withdrawal from the Suez has been arranged, since which time the settlement of the Trieste situation has been arranged, and since which time so many things have been done which tend to reduce the backlog of matters on which we must help, would be a failure to recognize those improvements in the world situation, and would not be realistic. I hope there will be some opportunity to vote for a reduction of the authorization which will be somewhat in line with improved conditions in many parts of the world.

Mr. LONG and Mr. KNOWLAND addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Florida yield; and if so, to whom?

Mr. HOLLAND. I yield first to the Senator from Louisiana. Then I shall yield to the Senator from California.

Mr. LONG. Does the Senator from Florida realize, when he speaks about the percentage of reduction, that if one looked at the gross appropriation provided for in the bill, which includes reappropriation of funds as well as new appropriations, the reduction made by the committee is less than 3 percent, or about 2½ percent, instead of 10 percent? When one looks at the overall picture, the recommendation of the Senator from Louisiana amounts to only about 7.2 percent of the overall program.

Mr. HOLLAND. I understand that. I understand that we are reappropriating appropriations made in the past which have not been spent, some of which have been committed, and some of which have not been committed. I understand that in all probability all old appropriations are expected to be spent, and that the amount of the new authorization is based upon the full amount of the old appropriations being available. But it seems to the Senator from Florida that the \$1 billion cut suggested by the Senator from Louisiana is not justified, and he could not support so large a reduction.

Mr. LONG. Is the Senator from Florida aware of the fact that during the entire Truman administration, based on the aid mentioned on page 13 of the bill, there was only about \$5 billion actually expended from 1950 up to January 1953, and that the present administration is now spending money in 1 year at a rate in excess of what was spent in 3 years under the Truman administration?

Mr. KNOWLAND. Mr. President, will the Senator yield at that point, because I think the RECORD—

Mr. HOLLAND. I shall be glad to yield to the Senator from California in a moment. I invite the attention of my distinguished friend from Louisiana to the fact that the program is a bipartisan one. I have supported it under both Presidents. I think most of us who have supported the program have done so. I realize perfectly well that most of the supplies and materials bought and contracted for under the program were not supplied in the same year in which they were contracted for or agreed to be supplied. I understand a long pipeline is involved. So I do not prefer to measure it out in the way suggested by the Senator from Louisiana. Of course, I also realize that we are spending more money now because we have come to the point of liquidation of a great many orders placed, and commitments made in the past. However, the point I am trying to make is that it does not seem to me it is realistic to retain the authorization at the specific figure which was calculated months before important changes in the international situation took place.

I am not happy about the fact that the distinguished chairman of the committee, who has so ably handled the argument on the floor of the Senate, does not recognize the fact that this is an

invitation to a reduction. The Senator from Florida would rather be led by someone who knows more of the details than he does, and who wants to see the program carried through by attempting to make an intelligent detailed reduction rather than a broadax reduction.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. HOLLAND. I yield to the majority leader.

Mr. KNOWLAND. In the first place, I think the Senator has pointed out, in response to the argument of the Senator from Louisiana, that this is not a partisan question. Actually, the reason why the expenditures have increased is that the orders for materiel placed under the prior administration are now bills which are becoming due. When one goes to a department store and charges certain items, on the first of the next month he will get the bill. We are now getting the bill for materiel which has been in the pipelines of production. The tanks and guns and the planes are now being delivered. So that is the reason why the rate of expenditure has gone up.

As to the statement made by my good friend from Florida that conditions are improved, I disagree with that statement. I do not think conditions are improved in the Far East. Ten million more people have just gone beyond the Communist Iron Curtain. To me that is not an improvement. I think the situation is that while, for the moment, the Communists may have to digest their new gains, in southeast Asia they have taken over the Tonkin Delta area, one of the great rice bowls of the world, which will give them the weapon of food to use against the free nations of Asia. The fact of the matter is that the victory the Communists have won in the northern part of Vietnam will give them a springboard which, if the Communists decide to do so, will permit them to move on into Thailand, Burma, lower Vietnam, Cambodia, Laos, or Malaya, and on the way to India.

So when the Senator from Florida says conditions have improved, I do not believe conditions generally have improved. The fact of the matter is that since the close of World War II, over 600 million people have passed behind the Communist Iron Curtain. That represents a rate of almost 100 million people a year. Certainly that is not an improvement in the situation vis a vis the Soviet world.

So when the Senator from Florida comes to the floor and says the committee did not give consideration to these changed conditions, I say that simply is not the fact. This matter was discussed for many hours. The same questions were raised in the Committee on Foreign Relations, a committee of which I am a member. I am sure the same questions were raised in the Committee on Armed Services, which also considered this bill, as to the funds which had been originally allocated by the administration to Indochina.

Obviously the situation in Indochina has changed. That situation has worsened. But at least there still remain southern Viet Nam, Cambodia, Laos,

Thailand, Burma, the Philippines, the free government of China on Formosa, the Republic of Korea, and Japan, all of which are in the danger sphere.

It has been testified time and time again before the committees of the Congress that if we look at this problem as one of collective security—which I believe we must do, because we are a nation of only 160 million people; and already, so far as the free world is concerned, the balance of power, so far as manpower is concerned, has passed into Communist hands. The only way we can hope to meet this threat is to have the other free nations of the world in Asia, Europe, and the Americas prepare to stand with us.

The testimony has made clear that the cost of maintaining approximately 10 divisions of native troops in South Korea, in Japan, in Formosa, or in Southeast Asia is only equal to the cost of maintaining one American division; just as in Turkey it is probably possible to equip perhaps 2 or 3 divisions for the cost of equipping 1 American division.

I am not proposing the idea that we shall have our allies alone prepared to stand up and oppose communism if communism decides to move again, but rather the idea that we, with our 160 million people, cannot bear the entire brunt of the defense of the free world.

Therefore, it is important, I believe, to encourage our allies in Asia and Europe and the Americas as well as to help defend themselves and, collectively, defend the free world, and to assist them in that undertaking.

I merely rose to say most respectfully, that I differ with the statement of the Senator from Florida, that the picture has improved in that great area of the world.

Mr. HOLLAND. I appreciate the comments of the distinguished majority leader. I am sorry he was not here when I made my original comments. Had the majority leader been here, I do not believe he would have made the statement he has just made.

I stated, for instance, that one of the improvements was that the British had just concluded their arrangement with the Egyptians, under which they were withdrawing some eighty-thousand-odd military personnel and many thousand civilian and technical personnel from the Suez area. That operation is stated to be one of the largest, if not the largest, drains now upon the finances of the British Empire. In that respect the necessity for that great financial drain will cease to exist.

I mentioned the fact that in Iran it has just been announced there has been a settlement worked out between the former owners of the oil concessions in Iran and the Government, and that such concessions are being put into actual operation. The production of oil is again taking place. That is certainly an improvement.

I notice here in this report that substantial funds are included for expenditure in Iran, with the statement that the expenditure must be continued until the

oil dispute with the British has moved near solution, and I quote:

Until oil revenues actually become available, further needs for assistance of this type may develop.

That goal has been reached.

I mentioned also the announcement by the broadcaster whom I quoted—and I have found him to be the best informed on European affairs whom I have heard for years—that in Trieste the settlement had been arranged, that the papers were being drawn, and that the disputed territory was to be divided in a way reasonably agreeable to the Italians and the Yugoslavs, which means that the necessity for our maintaining heavy expenditures there soon will be concluded.

Of course, as to Indochina, whatever the distinguished Senator may say, there is no way for us to now reach those 10 million good people who are behind the Iron Curtain, who formerly were not behind it. There is no way for us to give them anything now.

Certainly it has been admitted on the floor here today by the distinguished chairman of the committee that there is a substantial sum—as I understand it, \$600 million of the new authorization, and \$800 million in the carryover—which was destined for expenditure, and which is to be held as a reserve. The statement that the Senator from Florida made was that there is a bettering financial situation, under which we are given every opportunity to make a reduction. It does not seem to me realistic to go ahead and pass on authorization on the basis of a request made many months ago, before these things developed, and moving out of a committee before these things actually developed.

I am disappointed that we do not have from the leadership some indication of the fact that the time has come when we can begin to reduce the load on our own people here in America.

I am the first to agree that in the event we work out a Southeastern Asia pact similar to NATO we may then have to embark upon a heavy series of expenditures, something like we experienced with reference to the NATO nations. But the fact that there is a reserve just held here in suspense of \$1.4 billion—which is what it will be—plus other funds which do not need to be expended for the various activities which I have mentioned, as well as more which could be mentioned, makes me believe we should realistically reappraise the situation and make some reduction in the authorization.

Up to now I have heard not the slightest intimation from anyone charged with the responsibility of carrying this bill or anyone speaking for the administration that this could be done. Again, I am not making this a political matter, for I stand with this administration on whatever is necessary in this field. I am disappointed that the administration has not come here with the statement that this changed situation does allow us to make a reduction.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. HOLLAND. I yield.

Mr. KNOWLAND. We had Admiral Radford before the committee. We had General Gruenther, who is in charge of the EDC, before the committee, we had representatives of both the Department of State and the Department of Defense before the committee, to give the appraisal they had made of the situation. They of course recognized that the program they originally had for Vietnam, before the conference which led to the loss of the Tonkin Delta, was changed by that situation.

Nevertheless, I think that also underscores the delicate nature of the situation and requires an acceleration of the aid to the free people of Thailand, who are prepared to defend themselves and will need help to do so.

Burma, if she ultimately comes into the southeast Asian pact, will need help in order to help defend herself and to participate in collective defense.

The Philippines will need additional help, for they are on the route of the possible or potential Communist advance.

There is an opportunity to build up the forces in Japan, so that she can at least defend her home islands, and make it unnecessary to have American divisions there to defend Hokkaido and the other home islands of Japan.

The Republic of Korea can build up her forces so that the American divisions which are there may be withdrawn ultimately, and replaced, if necessary, by a mobile reserve.

The Republic of China on Formosa could accelerate its program, which is considerably behind its original schedule, and build up there a non-Communist force which, in the event of further Communist aggression, might ultimately be important not only to the security of ourselves but to the security of the entire free world.

All of these matters have been testified to by the responsible military authorities of the country and by the responsible representatives of the executive branch.

The chairman of the committee has already pointed out that over a period of years the reductions proposed are approximately 40 percent, compared to the amounts formerly allowed. Certainly the administration, as rapidly as it can diminish the expenditures, will be prepared to do so.

That is the best judgment and the best testimony of those who are charged with the responsibility of this program, who live with it day by day. Each morning they have to read the cables from Thailand and Cambodia and Laos and Vietnam and China and Japan. They are confronted with the problems which arise in the world. Those men, who deal with those problems hour by hour and day by day, feel that this authorization is necessary for the common defense.

Mr. HOLLAND. Mr. President, I do not care to debate the subject further. I thank the majority leader for his comments.

I close by again expressing the feeling that it is not sound fiscal management

to proceed upon the basis of a bill framed upon hearings beginning in April, and a budget made last winter, in the face of known changes in the situation, without any apparent realization on the part of those steering the bill of the fact that there have been great changes in the situation.

Mr. SMITH of New Jersey. Mr. President, will the Senator yield?

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Louisiana [Mr. LONG].

Mr. GEORGE. Mr. President—

The PRESIDING OFFICER. The Senator from Georgia is recognized.

Mr. GEORGE. Mr. President, I think I should make a brief statement on this particular amendment. I have great sympathy for the amendment. In fact, Mr. President, I announced last year that I was almost through with economic aid in this whole program. Economic aid has been very greatly reduced.

I invite attention to a fact which I think is of importance, namely, that under the Senate version of the pending bill \$2,897,982,000 is authorized almost exclusively for military purposes to aid our allies in Europe and elsewhere.

The total item under title II is in the nature of economic aid, but it also has a military effect so far as our allies are concerned.

Then in title III, which we used to call title IV, there is a much smaller item of \$131,528,000 for so-called technical cooperation.

I announced that in view of the fact that some \$9.6 billion was available—I believe the Senator from Louisiana [Mr. LONG] correctly quoted the figure—and in view of the fact that between \$2.5 billion and \$2.6 billion of that amount had not been obligated, we ought to cut back this appropriation by about \$1.5 billion or at least a reduction of approximately \$1 billion more than was made by the committee.

I held that view very strongly. But when I began to look into this question to see what was involved, I confess that the cost of the military program, even with the NATO countries, ran far ahead of what, in our judgment, we thought it would be. In fact, the ink had not become dry on the treaty before we were asked to appropriate in money and in end items, defense items—surplus items as they were then called—more than \$2 billion. It was called surplus, but it was good material, put into good condition by our own money.

There was no plan made for NATO. There was no blueprint. It was only a dream in the minds of some of the military men, and some of the men on this side who called themselves statesmen. But we voted to enter into it. I did not vote for it. The appropriation for NATO was the only big one that looked as though it was even aimed to strengthen our defense and to add to the defense of what we call the free nations of the earth that I voted against, because I knew it was foolish. It was a foolish program because no one had any plan, no one had any blueprints, no one had anything except a wild disposition to go

forth and spend a great amount of money, make friends for our country, and scare the very life out of all our enemies in the world. So I thought the time had come to refuse an appropriation. I went into the matter fully, as I have said, Mr. President, expecting to offer to cut the appropriation somewhere between \$600 million and \$1 billion below the cuts which were actually made.

I found that we had been asked by the President and, of course, by all the departments that were interested, for a total appropriation for the current fiscal year of some \$3,676,000,000, in round numbers, of new money. The House had authorized about \$3,566,000,000, the House having acted first on the authorization bill.

I reached a certain conclusion. It may not be sound. I confess to much frustration in my own thinking in connection with the entire program, but I reached my conclusion, in view of the conditions that exist in Europe now—not next year but now—in view of the fact that France had not come into the EDC, that Italy had not come into the EDC, and, perhaps, could not politically take the necessary steps to ratify the treaty, in view of the fact also, Mr. President, that things were not going too well in Indochina, and that, although all our military experts told us that the so-called Navarre plan could not fail, because it was almost foolproof, it did fail. There is no need of debate why it failed, or whose fault it was. Perhaps it was ours in part, but I hardly think so. In any event, it would do no good to discuss it. Actually things did not go well in Indochina. Things are not going well in the Far East. They look a little better in the Near East, but they are not by any means secure. There is trouble in portions of the Near East which may flare up any day. It does not matter to me how many times we are told by the Department of State or by any other department of Government—and I am not critical of the State Department in this statement—that conditions are becoming better and that great progress has been made, the fact remains that world conditions, so far as peace and security are concerned, have not grown appreciably better, and we might as well face the facts as they are, because world conditions are precarious and most uncertain. In view of the conditions existing in the world I reached the conclusion that to have reduced the authorization by a billion and a half dollars would have served notice not only upon Europe, but upon all the world, that the United States was withdrawing from all we had done in the Far East, all we had done in Europe, and all we had attempted to do elsewhere in the world. It seemed to me we could not afford to take that chance. It seemed to me that to do so would be taking a gambler's chance, which the United States could not afford to take, whatever our misgivings may be and no matter how strongly we feel that we could appropriate a much smaller sum of money.

Therefore I said to the committee, as I said to the representative of the executive branch of the Government, that if we cut the authorization bill to not ex-

ceeding approximately \$3 million in new money, I felt I could go along with it.

We did cut it. The House authorized \$3,566,908,000. We cut it down to \$3,100,000,000; \$10 million has been added on the floor for Latin American countries. I think that was a very wise decision by the Senate. Therefore we reduced substantially the amount of new money in the bill. That is what we are now asked to authorize.

It is true that there are two other items in the bill for which no appropriation is asked, which items are continued in the present authorization bill, one involving the Palestine refugees in the Near East, and the other the so-called infrastructure program, totaling \$228,300,000.

The new money being asked for in the pending bill as it stands at the moment is \$3,110,000,000.

If we cut the amount by another half billion dollars, perhaps we could get by, but if we cut it by a billion dollars, as I first thought we should cut it, we would serve notice upon the world that the United States at least was withdrawing so far as our NATO program is concerned, so far as all our efforts in southeast Asia are concerned, and so far as any protection in the Far East, in the Middle East, and in all of Europe is concerned.

Is anyone so confident that the world has suddenly become peaceful and secure as to justify the taking of that great chance?

I could not do so. I was unable to justify it in my own thinking. I said that if we cut the present authorization of new money to substantially \$3 billion for this year, which is about 40 percent less than it was 2 years ago, almost all of it being money for military purposes, I would go along with the program. I will go along with it, in the hope that we may at least give some encouragement to the world until we can see if our efforts are availing.

There was another very important consideration in connection with the bill. I am not critical of anyone operating the special new agency, because it does not make any difference to me who it is, but so long as there is a special new agency which operates all over the world and tries to find out how much money we can afford to spend in every country on the globe, we shall expend an enormous sum of money.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. GEORGE. I shall be glad to yield in a moment.

The junior Senator from Montana [Mr. MANSFIELD], a man of great ability and of great vision and wide experience in international affairs, as he served in the House on the Foreign Affairs Committee before he came to the Senate, and although a junior Senator, was placed on the Foreign Relations Committee, in agreement with many of his confreres on the Democratic side of the aisle, insisted upon placing in the bill another cut-off date for the new agency. Without such an amendment, I would not have been willing to go along with the authorization bill not before the Senate.

Let me repeat, so long as this new agency exists, so long will this bill involve

enormous sums. I say that because anyone can find a place on this globe to spend money.

Therefore, we said, as we said last year, that this new agency would go out of business on June 30, 1955; that 1 year would remain in which to liquidate the unexpended balances credited to the economic side of the ledger in the program; and that an additional year would be given to permit the liquidation of the military program authorized in prior appropriations and in this authorization bill.

We did it in the 1953 bill, but the House conferees objected. They may object again, but there will be an end to this program even if their objection prevails.

We did not propose to say that there should be no further military aid given to NATO or to any part of Europe or to any area of the world, but we did say that the military part of the program should be taken over by the Defense Department. We said also that all the point 4 program and other aspects of the economic program should be taken over by the State Department.

The State Department does not like that. Understandably, the State Department does not want to undertake an operating program. Nevertheless, we make the policies. The Congress writes the policies. Whatever the House conferees may now insist on, they are nevertheless writing an end to this program, if we cannot bring it to an end by June 1955, as this bill proposes. There is no doubt about the sentiment in the Senate to end this program.

Perhaps this program will not be greatly reduced, but when whatever it is is placed in the regular departments of Government, such as the Defense and State Departments, those departments will not be out looking for more places to give away money. They will have their own programs to care for, and they will present reasonable requests for the foreign-aid program.

Mr. President, I have stated why I have felt that, in the present disturbed and uncertain conditions in world affairs, we could not afford to say to our friends abroad, if we have friends, or to say to our allies, if we have dependable allies—and I hope we have—that the United States is serving notice upon them that we are withdrawing from this program, that we are quitting. A further billion-dollar cut in this program will be nothing less than a fire alarm which every country in the world will hear.

Mr. President, I have briefly indicated how I feel on this question. I find myself in the greatest sympathy with every effort to reduce this vast expenditure. Great progress has been made, and great progress is being made. With the policymaking power in the Senate and in the House of Representatives, if we say that regular establishments of Government must take this program over, whether the State Department altogether likes it or not, we shall really make it possible to cut the program down to a reasonable size.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. GEORGE. I yield to the Senator from South Carolina.

Mr. MAYBANK. The Senator has made an excellent speech. He spoke the truth when he said that agencies of the Government, regardless of what they may be—and I cast no aspersions on anyone—look to see how they can spend money. I understood the Senator to say that.

Mr. GEORGE. Exactly.

Mr. MAYBANK. Now they are trying to find out what to do with the unexpended balance of this \$2½ billion.

I ask the Senator to do me a favor and to make my conscience clear. Is the Senator certain that the program will be cut off in 1955? The Senator says the House is expected to cut it off.

Mr. GEORGE. I said the Senate proposed last year that it was to be cut off June 30 of this year.

Mr. MAYBANK. I know that.

Mr. GEORGE. But it has not been cut off.

Mr. MAYBANK. Has the Senator any assurance that it will be cut off? There is available \$2½ billion, and the members of the Appropriations Committee are trying to find out how the agency intends to spend it.

Mr. GEORGE. We have the assurance that its termination is provided for in this bill.

Mr. MAYBANK. My fear is that the program will not be cut off, and I do not hesitate to say so.

Mr. GEORGE. I can see the Senator's point of view.

Mr. MAYBANK. I hope the Senator appreciates my sincerity.

Mr. GEORGE. Mr. President, there is one other feature in the bill with which I wish to deal. A considerable sum of money is authorized for the Far East. Originally a big item was earmarked for Indochina. I do not know what other Senators think about it, but I do not believe there is much opportunity left to do too much good in Indochina itself. The bill gives to the President a large discretion in the handling of a considerable sum of money, and it does not require the President to expend that money in Indochina. It may be spent, as the majority leader has said, in Japan, the Philippines, Formosa, Korea, or Indochina. I have a great deal of faith that the President of the United States will not expend recklessly and needlessly a large sum of money in the Far East or in Indochina unless he is convinced that the conditions amply justify such an expenditure. The President has demonstrated that he is concerned with the size of our expenditures, our appropriations, and our whole budget. I have enough confidence in the President to leave in his hands the sum of money provided in the bill, although it is large. I believe that he will conserve that asset unless it can be used in the Far Eastern area to the advantage of the United States.

Mr. LONG. Mr. President, will the Senator yield for a question?

Mr. GEORGE. I am glad to yield to the Senator from Louisiana for a question.

Mr. LONG. As I understand, the Senator is concerned about the psychological effect on our allies of reducing the appropriation. Is it not true that our

allies themselves actually created the necessity for this reduction when they signed the truce in Indochina, inasmuch as the bill, as reported from the committee, contained more than \$600 million of old money and \$800 million of new money for Indochina, which will not now be spent there.

Mr. GEORGE. I am disposed to agree with the Senator. I think there is more than a psychological effect involved. I say with the utmost confidence that I do not think we can take a billion dollars out of this appropriation without destroying the hope of the world that we are any longer to "play ball" with the programs which we have undertaken. I do not know what the consequences would be. I agree that it might be that the agency could, with the unpledged balance in prior appropriations operate with a lesser sum than the \$3 billion which this bill authorizes.

I hope the Appropriations Committee will scrutinize the appropriation bill with the utmost care, because every item making up the \$3 billion is authorization for not exceeding "X" dollars. So the Appropriations Committee is at liberty, and has the power, to reduce the appropriation even below the amount of the authorization. Indeed, the Appropriations Committee of the House reduced it below the \$3 billion which we are authorizing, and considerably below the amount authorized in the House bill. I assume that the Appropriations Committee will make some further reduction in this bill. Reasonable reductions, properly placed in the bill, cannot serve to frighten our friends abroad, and around the world, into believing that such reductions are intended to signify our disposition to withdraw from the security effort which we have been making in the interest of preserving peace.

Mr. LONG. Mr. President, will the Senator yield?

Mr. GEORGE. I yield.

Mr. LONG. Is it not true that the failure of our allies to cooperate in rearming in the manner which we should have liked them to do may prevent us from spending as much money as we would otherwise spend? I have in mind the refusal of France and Italy to cooperate in the rearming of Germany, and the reluctance of Japan to raise an armed force of more than 150,000 men.

Mr. GEORGE. I do not wish to quarrel with the position of the Senator from Louisiana. He knows how I feel about the matter. He knows that I feel that Congress should make all the reductions which can be made. I know the weaknesses in our foreign-aid program—or at least I fear I do. But we are now facing the fiscal year 1954-55 and we are facing a world in which conditions are anything but stable and anything but reassuring. I do not believe it would be wise upon our part to take so deep a bite into the present appropriation, or to make so deep a cut as to indicate that we are withdrawing. What the Committee on Appropriations may see fit to do under the authority which will be provided in this bill will not, I think, have the effect which I have indicated.

What I have tried to say to the Senate is that the provisions of the bill for

the liquidation of the new agencies, and for the transfer to the Department of Defense of certain defense items and to the Department of State of economic assistance and such other items as we find proper to transfer in the future, would really be the first long step toward a final reduction of this vast program—and it has been a vast program, in my judgment. This will really make it possible to cut the appropriations again next year.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. GEORGE. I yield.

Mr. HOLLAND. The Senator from Georgia knows of the very great respect which I have for him. It goes without saying that that respect pertains to his opinion on this particular subject, on which he has so very much information and so great a background.

Is it my understanding that the distinguished Senator from Georgia feels at this time that the \$1 billion additional reduction in authorization would be extremely unwise?

Mr. GEORGE. I do feel that way, in all sincerity. I first had the same views as have been expressed by my good friend, the distinguished junior Senator from Louisiana. I myself had the purpose of trying to reduce the amount of new money by about \$1,400,000,000 or \$1,500,000,000, in order to bring the amount of new money down to approximately \$2 billion. But I reached the conclusion that it would be too hazardous to do so, under world conditions as they actually exist.

Mr. HOLLAND. I should like to ask one more question, if I may do so.

Do I correctly understand the opinion of the distinguished Senator from Georgia to be that rather than attempt to make any reduction in the authorization bill, the Senator feels that any effort toward reduction should occur in the Committee on Appropriations, based on the facts available at the time?

Mr. GEORGE. I do think so. I have felt that way; and I feel also that the whole defense program should go under the Department of Defense.

Congress has told the American people year after year that the money which has been appropriated for NATO, for the Far East, and for our friends everywhere else in the world, was money expended for our safety, for our defense, for our security, particularly. Let us live up to that statement made to the American people, and make certain that the defense program will be placed under the Department of Defense and other established agencies.

Those agencies will have in view their own needs and necessities every time they come to Congress, and they will not be disposed to increase their requests for appropriations merely for the sake of giving them away. Rather, they will seek to conserve.

I have every belief that that is the view of the President. I have talked with him about the problem. I have every belief that though large power is given him, and a very large blank check is given him by the bill, it will not be wasted in the Far East, but will be used

only, as I have said, if conditions seem to him and his military advisers to justify the expenditure of that blank check, or any great portion of it, for the safety and security of the United States.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. GEORGE. I am glad to yield to the Senator from Montana.

Mr. MANSFIELD. As always, it is a pleasure to listen to the distinguished and able senior Senator from Georgia, not only on this bill, but on other matters as well.

I wish to ask the distinguished Senator, who is the ranking Democratic member of the Committee on Foreign Relations, if he does not believe it is the intent of the Senate, and of Congress, that, come next June 30, the Foreign Operations Administration shall be abolished, and that any aid programs of a military or economic nature shall be carried on through the Department of Defense and the Department of State, at the specific request of the President of the United States, and on a limited basis in line with the objectives of the foreign policy of the United States.

Mr. GEORGE. I do. I sincerely believe that the Senator from Montana has made an exact and accurate statement. Furthermore, I believe that had the fight been made this year, it would have been possible to transfer such expenditures as were approved to the regular established agencies of the Government.

But rapidly changing world conditions, having ominous portent, at least in my mind, led me to believe that we should be content with the amendment which the distinguished Senator from Montana himself offered, which I supported, and which I shall heartily support as a conferee if I am named as a conferee on the bill.

Mr. MANSFIELD. Mr. President, will the Senator yield for one more question?

Mr. GEORGE. I am happy to yield.

Mr. MANSFIELD. Is it not true that while the bill now before the Senate extends the authorization for the Foreign Operations Administration to June 30, 1955, in effect it carries out the unanimous sentiment of the Senate expressed last year that the military-aid program would be liquidated within 2 years after 1955, namely, June 30, 1957, and the economic-aid program would be liquidated 1 year after 1955, namely, on June 30, 1956, so that in effect, whereas last year 3 years were allowed in which to liquidate the military program, and 2 years to liquidate the economic program, we are doing the same thing this year, but the process is a little more costly?

Mr. GEORGE. The Senator is entirely correct.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. GEORGE. I yield.

Mr. MAYBANK. The Senator has no assurance that they will be liquidated, has he?

Mr. GEORGE. Provision is being made in the bill that they will be liquidated.

Mr. MAYBANK. We have so provided time and time again.

Mr. GEORGE. No. We provided for it last year, but we are now carrying out what was written into the law last year, recognizing that perhaps conditions did not warrant such action at that time.

Mr. MAYBANK. We did not provide for a liquidation of the program in 1957, and it is the same Senate. The same Senate turned down the request of the Air Force, and the former distinguished Chief of the Air Force.

Mr. GEORGE. The Senator is quite right. I do not wish to get into another field.

Mr. LONG. Mr. President, will the Senator yield?

Mr. GEORGE. I yield.

Mr. LONG. Did I understand correctly the distinguished Senator from Georgia to say that he felt the program could perhaps be reduced by an additional \$500 million below the committee figure?

Mr. GEORGE. Perhaps without hurting it greatly, but I do not want to take a chance on it. However, I am willing to support the Committee on Appropriations if, upon a careful review, it is found that it would be wise to reduce the program further by any reasonable amount, which would not indicate that we were withdrawing our support from our allies, and if such reduction would not jeopardize our own national security.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. GEORGE. I yield.

Mr. MAYBANK. I do not intend to delay the Senate, because I know Senators have their minds made up. But, according to the discussion in the Committee on Appropriations, there is available a large sum of unobligated funds. The Senator from Nevada [Mr. McCARRAN] called attention to that. Why cannot some of the unobligated funds be used in lieu of the \$2,500 million authorized by the bill? Is there anything to prevent that?

Mr. GEORGE. Nothing at all.

SEVERAL SENATORS. Vote! Vote!

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Louisiana [Mr. LONG].

On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk called the roll.

Mr. GILLETTE (when his name was called). Having announced in the Senate that I shall vote against the bill on final passage, I now vote "present."

Mr. SALTONSTALL. I announce that the Senator from Connecticut [Mr. BUSH] and the Senator from Kansas [Mr. SCHOEPP] are absent by leave of the Senate.

The Senator from Pennsylvania [Mr. DUFF] and the Senator from Indiana [Mr. JENNER] are necessarily absent.

On this vote the Senator from Connecticut [Mr. BUSH] is paired with the Senator from Delaware [Mr. FREAR]. If present and voting, the Senator from Connecticut [Mr. BUSH] would vote

"nay" and the Senator from Delaware [Mr. FREAR] would vote "yea."

If present and voting, the Senator from Pennsylvania [Mr. DUFF] would vote "nay" and the Senator from Kansas [Mr. SCHOEPPEL] would vote "yea."

Mr. CLEMENTS. I announce that the Senator from Mississippi [Mr. EASTLAND], the Senator from Delaware [Mr. FREAR], the Senator from Tennessee [Mr. KEFAUVER], and the Senators from West Virginia [Mr. KILGORE and Mr. NEELY] are absent on official business.

I announce further that the Senator from Delaware [Mr. FREAR] is paired on this vote with the Senator from Connecticut [Mr. BUSH]. If present and voting, the Senator from Delaware would vote "yea" and the Senator from Connecticut would vote "nay."

The result was announced—yeas 38, nays 48, as follows:

YEAS—38

Anderson	Ellender	McClellan
Barrett	Ervin	Monroney
Beall	Goldwater	Mundt
Bennett	Gore	Potter
Bricker	Johnson, Colo.	Reynolds
Butler	Johnson, Tex.	Russell
Byrd	Johnston, S. C.	Smathers
Capehart	Langer	Stennis
Case	Lennon	Watkins
Clements	Long	Welker
Crippa	Malone	Williams
Daniel	Maybank	Young
Dworshak	McCarthy	

NAYS—48

Aiken	Hendrickson	McCarran
Bowring	Hennings	Millikin
Bridges	Hickenlooper	Morse
Burke	Hill	Murray
Carlson	Holland	Pastore
Chavez	Humphrey	Payne
Cooper	Ives	Purtell
Cordon	Jackson	Robertson
Dirksen	Kennedy	Saltonstall
Douglas	Kerr	Smith, Maine
Ferguson	Knowland	Smith, N. J.
Flanders	Kuchel	Sparkman
Fulbright	Lehman	Symington
George	Magnuson	Thye
Green	Mansfield	Upton
Hayden	Martin	Wiley

ANSWERED "PRESENT"—1

Gillette

NOT VOTING—9

Bush	Frear	Kilgore
Duff	Jenner	Neely
Eastland	Kefauver	Schoeppel

So Mr. LONG's amendment was rejected.

Mr. LONG. Mr. President, to the committee amendment, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment submitted by the Senator from Louisiana to the committee amendment will be stated.

The LEGISLATIVE CLERK. In the committee amendment on page 168, after line 21, it is proposed to add a new section, as follows:

SEC. 547. Reduction of authorizations: Notwithstanding the foregoing provisions of this act, such provisions shall not be construed to authorize the appropriation, for the purposes of titles I, II, and IV of this act, of amounts (exclusive of unexpended balances of prior appropriations authorized to be continued available under such provisions) aggregating in excess of \$2,599,000,000.

Mr. LONG. Mr. President, I can explain the amendment very briefly; I do not care to labor this matter with the Senate.

This amendment would reduce the overall authorization by \$500 million.

I should like to point out that if the bill is passed without the amendment, there will be on hand in the Foreign Operations Administration \$12,849,000,000. It is estimated by the Foreign Operations Administration that it cannot spend that much money next year, and that it will then have on hand \$7,360,000,000.

Mr. MAYBANK. Mr. President, will the Senator from Louisiana yield to me?

Mr. LONG. I yield.

Mr. MAYBANK. The FOA cannot even spend the money it has now. It already has \$7,500 million which has not been spent. The FOA has \$2,500 million which it has not even obligated.

Mr. LONG. The Senator from South Carolina is entirely correct.

Mr. MAYBANK. The FOA is now going around the world, trying to find how to spend the \$2,500 million.

Mr. LONG. That is correct.

Mr. President, I know that some Members of the Senate have not had the frustration I have experienced in trying to have reductions made in the funds authorized and appropriated for the foreign-aid program. For the benefit of those Senators, let me explain what usually happens. When the authorization bill is considered on the floor, the members of the Foreign Relations Committee usually stick together, and say, in response to all suggestions for reductions in the amounts of the authorizations, "Leave it up to the Appropriations Committee." So one who favors making reductions in the authorizations thus usually has 15 Members of the Senate against him in the very beginning.

Subsequently, when the Appropriations Committee reports the appropriation bill on the same subject, the 23 members of that committee usually agree to stick together on the appropriations that committee recommends. So one who favors making reductions in the amounts is, from the very first, opposed by a total of 38 Senators.

Mr. President, I know that Senators are beginning to hear about these programs from their constituents. It may be that we are approaching a turn of the tide, a time when the people will wish to have Mr. Stassen instructed to reduce his program of expenditures.

It seems to me that when Mr. Stassen and other representatives of his organization appear before the various congressional committees and seek to have billions of dollars added to the funds already available for their program, it would be a good idea if Mr. Stassen were told to determine where reductions could be made, instead of having the Appropriations Committee recommend all the appropriations requested, without receiving from the FOA any advice in regard to the making of reductions.

Mr. MAYBANK. Mr. President, will the Senator from Louisiana yield further to me?

Mr. LONG. I yield.

Mr. MAYBANK. I see the distinguished Senator from South Dakota [Mr. MUNDT] on the floor. Let me say that in the committee some of us fought with him all yesterday afternoon, in an attempt to have a slight reduction made in

the appropriations under the authorizations provided by the pending bill. However, the FOA seeks to have an additional \$800 million added to the fund for next year. Is not that correct?

Mr. MUNDT. Yes, that is correct.

Mr. MAYBANK. Yet the FOA already has \$2,500,000,000 which it does not know how to spend, although the expenditure of that money has been authorized by the Congress.

Mr. MUNDT. Mr. President, will the Senator from Louisiana yield to me?

Mr. LONG. I yield to the Senator from South Dakota.

Mr. MUNDT. I think the logic and the English of the distinguished Senator from Louisiana are better than his arithmetic, for I wish to point out that a number of the members of the Appropriations Committee already have voted in favor of his amendment proposing a cut of \$1 billion; and I am sure that a number of the members of the Appropriations Committee will vote in favor of his pending amendment, which proposes a cut of \$500 million in the authorization. So, instead of having all 38 members of the 2 committees—the Foreign Relations Committee and the Appropriations Committee—oppose his proposal, he will find that a great many of the members will vote with him on this question.

Furthermore, let me point out that if the Senator from Louisiana is unsuccessful in the fight he is making for reductions in the authorizations carried in the pending bill, I am sure that cuts will be subsequently be made in the appropriation bill, anyway.

Mr. LONG. My point is that among the membership of those two committees, there are a number of Senators who normally oppose any reductions proposed in the amounts recommended by those committees. So I was glad to see that the Senator from South Dakota was among those who voted in favor of the reduction proposed by my amendment which was voted on just a few minutes ago.

Nevertheless, Mr. President, the members of those two committees—even though they may favor making such reductions—are oftentimes bound, as a matter of committee procedure, to go along with the amounts agreed to by a majority of those committees.

Mr. MUNDT. I may say that in the Appropriations Committee we have such friendly relations with one another that the members are not prohibited by any protocol or other restriction from voting in favor of reductions, if they believe reductions should be made.

Mr. LONG. Mr. President, let me assure the Senate that if my remarks were understood as being in any way critical of the Appropriations Committee, I certainly did not so intend them.

I desire to state that the pending bill carries actual authorizations of appropriations which everyone has now agreed will not be made. For example, the bill authorizes an appropriation of \$800 million for Indochina. The distinguished chairman of the Foreign Relations Committee wrote to us a letter in which he clearly stated that the \$800 million will not be spent, in view of the truce in Indochina and, I suppose, be-

cause free elections there may result in having the Communists acquire the arms we have there already. In addition, the fact that \$600 million already appropriated for arms for Indochina will not be spent for that purpose, means that a total saving of \$1,400,000,000 can be made in the items authorized in the pending bill.

The PRESIDING OFFICER. The question is on agreeing to the amendment submitted by the Senator from Louisiana to the committee amendment, on page 168, after line 21.

Mr. LONG. Mr. President, on this question I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. WILEY. Mr. President, I cannot let some of the statements made by the Senator from Louisiana go unanswered. In the first place, he said the Foreign Operations Administration now has on hand \$7,360,000,000 in cash. It is true that as of June 30, that amount was unexpended. But it is obligated and contracted for; and as the merchandise is contracted for, as has been said many times before this afternoon, it sometimes takes 2, 3, or 4 years before it is delivered.

The Senator from Georgia [Mr. GEORGE] made a wonderful statement in opposition to the proposed reductions in the authorizations, and regarding why he is standing by the bill.

Mr. President, the criticisms made of the Foreign Relations Committee are absolutely unfounded, in my opinion. In referring to the work of the committee, I do not speak of the work done by its chairman; but I say without fear of contradiction that all the other members of the Foreign Relations Committee are most sincere and honest in going very thoroughly into all the matters which come before the committee. In that respect, the work of the committee is outstanding.

Let me say that in answer to the argument of the Senator from Louisiana [Mr. LONG], I produced data supplied by the Government. He says, "\$800 million is available for Indochina and we are authorizing some \$600 million more."

I produced a letter from the Secretary of State, and I think it was entirely substantiated by the statement of the Senator from Georgia [Mr. GEORGE], when he told about the serious situation in the world today.

We have cut the bill some 60 percent from what it was when it was initiated, and in the last 2 years we have cut it 40 percent, and this year we have cut it \$350 million, which cut occurred after the Indochina incident.

Yet the Secretary of State says in his letter:

I believe that the armistice does not diminish the need for these funds. If anything it increases the need to have available funds with which to build the defensive capabilities and strengthen the resistance of the free nations in the area.

So I say, Mr. President, that when the President of the United States, when General Gruenther, the Secretary of State, and Admiral Radford, say that the amount included in the bill is needed—and, after all, the President of

the United States through these officials, spearheads the foreign relations, and they know something about the world situation—when they ask for it, and say that it is needed, I, for one, shall vote against the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Louisiana [Mr. LONG].

The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. SALTONSTALL. I announce that the Senator from Connecticut [Mr. BUSH] and the Senator from Kansas [Mr. SCHOEPPEL] are absent by leave of the Senate.

The Senator from Pennsylvania [Mr. DUFF] and the Senator from Nebraska [Mr. REYNOLDS] are necessarily absent.

On this vote the Senator from Connecticut [Mr. BUSH] is paired with the Senator from Delaware [Mr. FREAR]. If present and voting, the Senator from Connecticut [Mr. BUSH] would vote "nay," and the Senator from Delaware [Mr. FREAR] would vote "yea."

If present and voting the Senator from Pennsylvania [Mr. DUFF] would vote "nay," and the Senator from Kansas [Mr. SCHOEPPEL] would vote "yea."

Mr. CLEMENTS. I announce that the Senator from Mississippi [Mr. EASTLAND], the Senator from Delaware [Mr. FREAR], the Senator from Tennessee [Mr. KEFAUVER], and the Senators from West Virginia [Mr. KILGORE and Mr. NEELY] are absent on official business.

I announce further that the Senator from Delaware [Mr. FREAR] is paired on this vote with the Senator from Connecticut [Mr. BUSH]. If present and voting, the Senator from Delaware would vote "yea," and the Senator from Connecticut would vote "nay."

The result was announced—yeas 45, nays 41, voting "present" 1, as follows:

YEAS—45

Anderson	Goldwater	Maybank
Barrett	Gore	McCarran
Bennett	Holland	McCarthy
Bricker	Jackson	McClellan
Butler	Jenner	Monroney
Byrd	Johnson, Colo.	Mundt
Capehart	Johnson, Tex.	Murray
Case	Johnston, S. C.	Potter
Chavez	Kennedy	Russell
Clements	Kerr	Smathers
Crippa	Langer	Stennis
Daniel	Lennon	Watkins
Dworshak	Long	Welker
Ellender	Magnuson	Williams
Ervin	Malone	Young

NAYS—41

Aiken	Green	Morse
Beall	Hayden	Pastore
Bowring	Hendrickson	Payne
Bridges	Hennings	Purcell
Burke	Hickenlooper	Robertson
Carlson	Hill	Saltonstall
Cooper	Humphrey	Smith, Maine
Cordon	Ives	Smith, N. J.
Dirksen	Knowland	Sparkman
Douglas	Kuchel	Symington
Ferguson	Lehman	Thye
Flanders	Mansfield	Upton
Fulbright	Martin	Wiley
George	Millikin	

VOTING "PRESENT"—1

Gillette

NOT VOTING—9

Bush	Frear	Neely
Duff	Kefauver	Reynolds
Eastland	Kilgore	Schoeppel

So, Mr. LONG's amendment was agreed to.

Mr. LONG. Mr. President, I move that the vote by which the amendment was agreed to be reconsidered.

Mr. ANDERSON. I move to lay that motion on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table.

The motion to lay on the table was agreed to.

GREETINGS TO MR. AND MRS. KAPUS

Mr. JOHNSON of Texas. Mr. President, I should like to call attention to the fact that we have as our guests in the gallery today some very important visitors. They are Mr. and Mrs. Geza Kapus and their 8-year-old daughter, Eva. They are the first escapees from the Iron Curtain who have received visas under the Refugee Relief Act.

Mr. and Mrs. Kapus, who escaped from Communist Hungary under incredible difficulties, are now on their way to Midland, Tex., where they will begin life anew. The heart of Texas will surround these fine people, and I know America will be better for their presence in our country.

Mr. President, I hope they will stand. [Mr. and Mrs. Kapus and their daughter, Eva, rose from their seats in the gallery, and were greeted with applause, Senators rising.]

Mr. DANIEL. Mr. President, I wish to join my colleague, the senior Senator from Texas [Mr. JOHNSON], in welcoming the Kapus family to America and to our State of Texas.

MUTUAL SECURITY ACT OF 1954

The Senate resumed the consideration of the bill (H. R. 9678) to promote the security and foreign policy of the United States by furnishing assistance to friendly nations, and for other purposes.

The PRESIDING OFFICER. The bill is open to further amendment.

CEASE FINANCING NATIONS RECOGNIZING COMMUNIST CHINA

Mr. MALONE. Mr. President, I send an amendment to the desk and ask that it be read.

The PRESIDING OFFICER. The Secretary will state the amendment.

The CHIEF CLERK. At the end of the bill add a new section, as follows:

SEC. 547. Notwithstanding any other provision of this act, none of the funds authorized to be appropriated or continued available pursuant to this act shall be used to furnish assistance under any such provision to any nation which has formally recognized, or has established diplomatic relations with, the Chinese Communist regime, until such nation furnishes assurances satisfactory to the President that it no longer recognizes, or maintains diplomatic relations with, such regime.

Mr. MCCARRAN. Mr. President, will the Senator yield for a motion?

Mr. MALONE. I would be happy to yield to the distinguished senior Senator from Nevada for that purpose.

Mr. MCCARRAN. Mr. President, may I have the attention of the Senator from New Jersey [Mr. SMITH]?

Mr. President, some days ago I filed a notice of motion to reconsider with reference to an amendment which the Senator from New Jersey put into this bill.

I now ask unanimous consent that the motion for reconsideration may be withdrawn.

The PRESIDING OFFICER. Is there objection? The Chair hears none. The motion is withdrawn.

Mr. MALONE. Mr. President, the purpose of this amendment is to deny further foreign-aid funds to those governments which have formally recognized Red China.

May we have order, Mr. President?

The PRESIDING OFFICER. The Chair trusts that the Senate will be in order, so that we may proceed with the business of the Senate.

Mr. MALONE. Now, Mr. President, the non-Communist nations which have recognized Red China are the United Kingdom, Norway, Denmark, Israel, Afghanistan, Finland, Sweden, Switzerland, the Netherlands, Indonesia, Burma, India, and Pakistan.

The Communist nations which have recognized Red China are the U. S. S. R., Bulgaria, Rumania, Czechoslovakia, Poland, North Korea, Yugoslavia, Outer Mongolia, Hungary, and Albania.

FOREIGN AID TO FRIENDS OF RED CHINA
INDIRECTLY AIDS AMERICA'S ENEMIES

Nations that recognize Red China are giving aid, comfort, strength, and prestige to our enemies.

When the United States gives direct aid to any of these Communist-loving nations it is, in fact, giving indirect aid to Red China itself.

For example, we gave Great Britain billions. Britain poured some of this wealth into her jet-engine industry. The industry sold jet engines to Russia. Russia gave jet planes to Red China. And the jets our dollars bought shot down Americans. That actually happened, as the junior Senator from Nevada previously reported on the Senate floor.

RED CHINA MURDER VICTIMS INCLUDE AMERICAN CHILDREN

So our aid comes back in wooden coffins with an American flag draped over them.

Mr. President, only a few days ago Red Chinese airmen murdered three American citizens riding in a British plane over the high seas off the coast of Asia.

There is reason to believe that the Communist gunmen thought that this plane was carrying a distinguished American ambassador, but in that they were mistaken.

Whatever their motive, they shot down the unarmed British aircraft, killing several Britons in addition to an American adult and two American children, one 4 and the other 2 years old.

The Communist gunmen then attacked American rescue missions, but without success.

Britain made very little fuss about it, although they did make some representations to the Red Chinese, representations which the junior Senator from Nevada considered rather mild.

They also conveyed our strong protest to Red Chinese officials, which drew Communist sneers—not at Britain but at the United States.

FOREIGN-AID DOLLARS HELP BRITAIN BUILD BIG BUSINESS WITH COMMUNISTS

Britain is in business with Red China—big business—and wants to avoid any semblance of a family tiff, even though the tiff involves killing British subjects in addition to killing Americans.

Other nations fattened on American tax dollars are in business with Red China.

American-aid dollars have helped put these nations in shape to be in business with Red China.

More American dollars to these nations as proposed in the pending foreign aid bill will put them in better shape to do business with Red China.

Perhaps these dollars will enable them to do so much business with Red China that Red China will feel able to carry on further aggressions, and will be better equipped to murder American citizens on the high seas.

Mr. President, I would not want to give a gun to an enemy who planned to shoot me, nor would I choose to give a gun to an acquaintance who, I knew, would promptly turn the gun over to an enemy.

FOREIGN NATIONS BACK RED CHINA'S U. N. BID AFTER FATTENING ON UNITED STATES FOREIGN AID

Since World War II Great Britain has received \$6,838,000,000 in foreign-aid grants and credits from the United States, and approximately \$1 billion more has been laid aside for her out of previous appropriations which she has not had time yet to collect.

Britain recognizes Red China and is possibly the most aggressive sponsor of Red China's application for membership in the big Manhattan club called the United Nations.

India not only recognizes Red China but has become her big Asiatic playmate. India has received slightly more than a quarter billion dollars in postwar foreign grants and credits from the United States.

Pakistan is into us for \$100 million in foreign aid and expects more. She recognizes Red China.

Tiny Denmark has received \$283 million in foreign aid, but she was quick to recognize the Communist Government of Red China, despite this largess from the American taxpayers.

Norway hopped on the Red Chinese recognition bandwagon, although we helped put Norway back on her feet after the war and have given her \$306 million in foreign-aid grants and credits contributed by our hard-pressed taxpayers.

Sweden recognizes Red China, but Sweden recognizes and does business with everybody, and we have given Sweden only \$106 million in foreign aid.

The Netherlands have received 1,077,000,000 foreign aid dollars. Like Britain, she also recognizes Red China.

So does Indonesia, the Netherlands' former southeast Asia colony, to which we have given 216 million foreign aid dollars.

These dollars exclude grants in military aid, which are not broken down by country. Military aid for Western Europe as of March 31 totaled \$8,411,-

000,000; for Asia and the Pacific, \$2,468,000,000.

NATIONS WHICH DO NOT RECOGNIZE RED CHINA GET SHORT END OF FOREIGN AID ALLOCATIONS

The American Republics, which have not recognized Red China, have received only \$169 million in military grants, so apparently a foreign nation that wants to dig deep into the United States Treasury would recognize Red China.

This amendment would end indirect American aid to Red China by ending direct aid to foreign nations that have established diplomatic and friendly relations with our Communist enemies.

It would not affect foreign aid to nations which, like ourselves, refuse to deal with Red murderers and aggressors.

Those who are dedicated to giving away America's wealth to foreign governments would still have ample countries into which American dollars could be poured.

CUTOFF OF AID TO RED CHINA'S FRIENDS WOULD PERMIT MORE AID TO OUR TRUE ALLIES

We could still aid those nations that are not aiding Red China.

As a matter of fact, limiting our foreign aid—assuming that this administration-Dulles-Stassen backed bill will ultimately pass—to nations who do not give aid and comfort to our enemies would increase the aid America's true friends receive and in effect reward them for not rushing to Red China's slimy embrace.

Nations receiving foreign aid which have not teamed up with Red China include France, Germany, Greece, Ireland, Italy, Portugal, Spain, Turkey, Egypt, Iran, Iraq, Japan, the Republic of Korea, and the Philippines.

"FREE WORLD" A MISNOMER WHEN APPLIED TO NATIONS RECOGNIZING RED CHINA

That is about the extent of the "free world" today.

Mr. President, the expression "free world" has been used very loosely in recent years by our foreign trade and aid advocates.

It has been used to include the United Kingdom and other nations that by their own actions are not entitled to be considered part of the free world.

BRITAIN'S DOUBLEDEALING INCLUDES SECURITY PACT WITH RUSSIA

Mr. President, on Friday the junior Senator from Nevada read into the RECORD part of a mutual security pact that England has with Russia and that France has with Russia, mutual security pacts entirely independent of the pact that they have with us, with paragraphs reading almost exactly the same. In other words, they are signed up with both teams. Like the Giants and the Yankees, whichever one wins, they are in the money.

Mr. SMITH of New Jersey. Mr. President, will the Senator yield for a question?

Mr. MALONE. I am happy to yield for a question.

Mr. SMITH of New Jersey. Without naming all the countries, I gather that the Senator is advocating cutting off all trade with them.

Mr. MALONE. Why not? Yes, that is correct.

Mr. SMITH of New Jersey. And all trade with Great Britain?

RED CHINA'S CHIEF U. N. SPONSOR—BRITAIN

Mr. MALONE. That is right, as long as she recognizes Red China and is the chief sponsor of Red China in the United Nations.

Mr. SMITH of New Jersey. I just wanted to get the purpose of the Senator's amendment.

Mr. MALONE. You have it.

These nations have tied themselves with Red China and, therefore, do not have diplomatic freedom to participate in free world efforts for peace and security.

They have linked themselves with Soviet Russia and all of Soviet Russia's satellites in recognition of Red China, a branded aggressor, enslaver, and murderer.

NATIONS RECOGNIZING RED CHINA LISTED

Mr. President, I ask unanimous consent that at this point in my remarks I may place in the RECORD a list of the governments which have recognized Red China's Communist regime.

I shall divide it into two groups, one comprising those nations which have formally espoused communism, and the other consisting of those which are friendly with it, or are flirting with it economically and diplomatically.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

GOVERNMENT RECOGNIZING RED CHINA

Communist: U. S. S. R., Bulgaria, Rumania, Czechoslovakia, Poland, North Korea, Yugoslavia, Outer Mongolia, Hungary, Albania.

Non-Communist: United Kingdom, Norway, Denmark, Israel, Afghanistan, Finland, Sweden, Switzerland, Netherlands, Indonesia, Burma, India, Pakistan.

Mr. MALONE. Mr. President, my amendment, if adopted, would cut off foreign aid to the nations listed directly above.

There is not one iota of benefit a continuance of that aid can buy us.

It cannot buy us strength if the effort to resist Red China's expansion because these countries are in cahoots with the Red Chinese.

All that any expenditure of further foreign aid funds in these countries can buy is further troubles, further public debt, further humiliations, further air murders over the high seas, and increased probability of a fourth world war.

FOURTH WORLD WAR MAY FIND MOST AIDED NATIONS ON SIDELINES

Whether it is called a fourth world war or a third world war depends on whether the war in Korea was a third world war. One hundred and fifty thousand American boys took part in that war. If it is not considered a world war, it will do until one comes along.

Such a war, Mr. President, I fear would find us without the support of those countries which have been the greatest beneficiaries of our billions in foreign aid.

They have been among the first to "buddy up" with our enemies, the Communists.

England has virtually crawled in bed with them.

Mr. President, last year Britain's Chancellor of the Exchequer R. A. But-

ler invented a cunning slogan. The slogan was "Trade, not aid."

ONE-WORLDEERS RALLY TO BRITISH SLOGANS

Most of those slogans are invented by the beneficiaries of our aid. "Dollar shortage" was a slogan which came out of London. Dollar shortage is the fixing of the price of our dollars so that nobody but a silly Congress will buy them at higher than the market price. It was promptly seized upon by all our one-worlders and professional do-gooders at taxpayers' expense to promote more British trade with Communists, Communist Russia, Communist satellites, Communists everywhere.

BRITAIN ENTHUSIASTIC OVER RED TRADE PROSPECTS

Britain is getting her trade with the Communists and expects more. I ask unanimous consent to have printed at this point in the RECORD a press dispatch from London which was published in the July 27, 1954, issue of the New York Journal of Commerce under the head "United Kingdom Sees Big Rise in Sales to Soviet Bloc," and "August 16 Cut in Controls to Free Many Goods, Trade Official States."

There being no objection, the dispatch was ordered to be printed in the RECORD, as follows:

UNITED KINGDOM SEES BIG RISE IN SALES TO SOVIET BLOC—AUGUST 16 CUT IN CONTROLS TO FREE MANY GOODS, TRADE OFFICIAL STATES

LONDON, July 26.—Britain's trade boss, Peter Thorneycroft, today predicted "a substantial increase" in trade with the Soviet bloc as a result of slashing cuts now made in strategic controls on such trade.

The cuts, agreed between Britain, the United States and other interested non-Communist nations, do not affect continuing controls on trade with Red China.

SEES SECURITY INTACT

Mr. Thorneycroft told the House of Commons the increased trade would not be at the expense of national security. He said talks still continued about controls on the export of ships. He declined to give details about goods which could now be exported more freely, but "some machine tools were included."

British and Iron Curtain country negotiators have been active for months trying to settle multimillion trade deals. Pending agreement on relaxed controls, many of these negotiations resulted only in paper agreements.

In his statement to Parliament, Mr. Thorneycroft said:

"We have reached unanimous agreement on a considerable reduction on the control lists."

EFFECTIVE AUGUST 16

"We have agreed that as from August 16 the present embargo list will be reduced by one-third from about 250 to 170 items, and the quantitative control list will be drastically cut from 90 to 20 items.

"A further 60 items will be kept on a watch list so that we can follow the trend of these exports.

"The overall result will be a substantial increase in the area of permitted trade which will at the same time be fully compatible with the needs of national security."

Mr. Thorneycroft said it had been agreed that those countries which had until now allowed goods to go freely to the Soviet bloc would now introduce controls in line with the transshipment controls Britain has operated since 1951.

A board of trade official said tonight Soviet bloc orders worth 20 million pounds (\$56

million) had been held up in Britain pending the decision on relaxed controls.

Of this total, 5 million pounds (\$14 million) worth would now be cleared for export. The remaining 15 million pounds (\$42 million) worth come under quantitative restrictions, and no quotas have yet been set.

UNEMPLOYMENT LINES IN UNITED STATES GROW AS AID POURED OUT TO FOREIGN NATIONS

Mr. MALONE. I also note an A. P. dispatch of July 11, headed "Shutdowns Boost Jobless Claims":

SHUTDOWNS BOOST JOBLESS CLAIMS

WASHINGTON, July 11.—The Labor Department reported over the weekend initial worker claims for State unemployment compensation payments rose by 50,000 to 315,000 during the week ended July 3.

The Department's Bureau of Employment said the increase was expected as plants closed down for vacation periods and workers not eligible for vacation pay filed unemployment claims.

Half the increase, or 25,000, came in three States, New York, Michigan, and New Jersey. The increase for the corresponding week a year ago was 73,000.

The volume of State-insured unemployment dropped by 40,200 to 1,873,000 during the week ended June 26, the third successive weekly decrease. Since mid-April, the number of persons drawing benefits has declined by 227,800. The total a year ago was 807,347.

The Bureau said the decline in number of workers drawing benefits was due partly to improved employment conditions in construction and other outdoor activities and scattered industries, and partly because additional workers were exhausting their entitlement to benefits.

Mr. President, we take Mr. Butler's slogan at its face value—trade, not aid. Britain is trading with the millions of dollars which are being provided by Mr. Stassen and his crew in the Foreign Operations Administration, and also has her hands out for more American aid dollars.

DOLLARS FROM UNITED STATES TAXPAYERS FATTEN BRITAIN'S AIRCRAFT INDUSTRY

Mr. President, the Columbia Broadcasting System Monday night carried a news report from Seattle, Wash., headquarters of the Boeing Aircraft Co.

The broadcast reported the concern of that city over the fact that foreign aid funds are financing Britain's jet transport program in Britain's drive to beat America's aircraft industry to the gun in the jet air commerce race.

Boeing Aircraft Co., it was reported, has had to spend some \$15 million of its own money in design and construction of its new commercial jet.

Britain, on the other hand, spends money contributed by the American taxpayers through foreign aid, to build its jets, the jets it expects to rule the skies in world trade, much of it with the Communists.

The junior Senator from Nevada stood on the floor of the Senate in 1948, when there was under discussion the first giveaway program, the first world WPA to hit the Senate. That was the big one. That was the Marshall plan.

EXPOSURE OF BRITAIN'S JET ENGINE SHIPMENTS TO RUSSIA RECALLED

The junior Senator from Nevada said on the floor of the Senate that Great Britain already had sent jet engines to Russia. Great Britain had done just that. It was denied by the War Department at first, but later was admitted.

That was where the jet engines for Russian MIG's came from. No one denies it now.

Mr. President, we have been and are financing Britain's intended dominance over our own aircraft industry, and are subsidizing Britain's aircraft builders, while our own industry must rely on money from its private stockholders.

Mr. LANGER. Mr. President, will the Senator yield for a question?

Mr. MALONE. I yield.

Mr. LANGER. Is it not true that Great Britain is building a great many airplanes, and the aid which is being used is coming through Mr. Stassen and his mutual-security program? Are not the planes being built with British labor at the expense of the American taxpayers?

UNITED STATES TAXPAYERS PAYING FOR BRITAIN'S
AIR EXPANSION

Mr. MALONE. That is absolutely true. Of course, the business of Mr. Stassen is

the giving away of money, so he would not understand the significance of the situation.

The bill now under consideration proposes an additional \$70 million in foreign aid to British airplane builders. Supposedly this money would go to construct military aircraft by British workers in British factories.

Whether these funds go into commercial aircraft or not, there will be profits to the British aircraft industry, and Britain can put those profits into its race to rule the skies, as Britain once ruled the seas.

I want it distinctly understood, Mr. President, that I do not blame Great Britain for anything she is doing with American dollars. I blame the Congress of the United States, composed of Senators and Representatives from every precinct in the Nation. We know where this money is going. If we do not, it is time different arrangements were made.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD contracts awarded to the United Kingdom for aircraft and equipment during the fiscal years 1952 and 1953.

CONTRACTS GIVEN BRITAIN FOR AIRCRAFT AND
EQUIPMENT LISTED

Mr. LANGER. Mr. President, reserving the right to object, will not the Senator give us the total amounts of those contracts?

Mr. MALONE. The totals of the contracts which I am now placing in the RECORD equal \$154 million excluding 1954 contracts of more than \$80 million for new made-in-Britain planes alone. That brings a total of over \$237,200,000 United States taxpayers are pouring into British aircraft factories.

There being no objection, the contracts were ordered to be printed in the RECORD, as follows:

U. S. Air Force, fiscal year 1952

ENGLAND

Contract No.	Contractor	City	Item	Amount
AIRCRAFT AND EQUIPMENT				
AF 61 (514)-31	Sterling Cable Co., Ltd.	Berkshire, Aldermaston	Polychloroprene cable	\$12,075.00
AF 61 (514)-33	Rolls Royce, Ltd.	Derby	Engine cylinder heads	115,010.00
AF 61 (514)-63	R. F. D. Co., Ltd.	Godalming, Surrey	Tow targets	683,215.30
AF 61 (514)-64	Sangam C. Weston, Ltd.	Middlesex, Enfield	Portable ammeter	621.60
AF 61 (514)-67	Goodyear Tire & Rubber Co.	Wolverhampton	Aircraft casings and tubes	248,498.84
AF 61 (514)-72	Dunlop Rubber Co., Ltd., Aviation	Coventry	do	193,030.88
AF 61 (514)-79	British Vacuum Cleaner & Engineering Co.	Leatherhead, Surrey	Vacuum cleaners	3,819.78
AF 61 (514)-85	Kodak, Ltd.	London	Film readers	11,097.56
AF 61 (514)-95	Hilmor, Ltd.	do	Tube benders	12,393.08
AF 61 (514)-165	Air Trainers, Ltd.	Aylesbury	Link trainer and spares	819,961.00
AF 61 (514)-187	Rolls Royce, Ltd.	Derby	V-1650 engine spares	1,112,999.70
AF 61 (514)-200	Marconi Wireless Telegraph Co., Ltd.	London	Oscillators	54,843.75
AF 61 (514)-214	General Electric Co.	do	Radio receiving equipment	647,207.50
AF 61 (514)-220	Dunlop Rubber Co., Ltd., aviation	do	Anti-G suits	351,072.00
AF 61 (514)-225	General Electric Co., Ltd.	do	Rectifiers	63,251.31
AF 61 (514)-246	Casella & Co., Ltd.	do	Monometers	7,822.50
Total				4,336,919.80
ELECTRONICS				
AF 61 (514)-228	Thorn Electrical Industries	London	AN/ARC-3, radio parts	2,409,381.98
ENGINEERING EQUIPMENT				
AF 61 (514)-232	Birtley Co., Ltd.	Birtley	Road scrapers	852,281.50
Total, England				7,598,583.28

U. S. Air Force, fiscal year 1953

UNITED KINGDOM

Contract No.	Contractor	City	Item	Amount
AIRCRAFT AND EQUIPMENT				
AF 61(514)-217	Sangamo Weston, Ltd.	Enfield/Middlesex	Portable ammeter	\$164.70
AF 61(514)-330	Dunlop Rubber Co., Ltd.	Coventry	Tube, aircraft, inner, high pressure	14,368.86
AF 61(514)-332	Her Majesty's Government	London	Hawker Hunter airplanes	140,074,200.00
AF 61(514)-339	Fields Aircraft Services	Surrey	Removal aircraft from storage and preparation for flight	210,102.90
AF 61(514)-365	Her Majesty's Government	London	Westland Dragonfly HC Mark IV helicopters (less engine)	936,800.00
AF 61(514)-446	Goodyear Tire & Rubber Co. (Great Britain), Ltd.	Wolverhampton	Wheel assembly, nose, low profile	7,962.90
AF 61(514)-451	Dunlop Rubber Co.	Coventry	Aerno wheel and brake assembly	396,279.12
AF 61(514)-452	Goodyear Tire & Rubber Co. (Great Britain), Ltd.	Wolverhampton	Wheel assembly, nose, extra high pressure	11,661.84
AF 61(514)-495	G. H. Burgess & Co., Ltd.	Middlesex	Aerial banner tow targets and spares	327,704.79
AF 61(514)-501	Avery-Hardell, Ltd.	Surbiton, Surrey	Aircraft fuel-servicing pressure-type nozzles	80,542.00
AF 61(514)-564	North British Rubber Co., Ltd., Castle Mills	Edinburgh 39, Scotland	Aircraft casings	55,861.72
AF 61(514)-566	Goodyear Tire & Rubber Co., Ltd.	Wolverhampton	do	396,441.29
AF 61(514)-576	Thorn Electrical Industries, Ltd.	London, W. C. 1	Reverse current cutout	39,805.89
AF 61(514)-584	Goodyear Tire & Rubber Co. (Great Britain), Ltd.	Wolverhampton	Wheel and brake assembly	1,930,267.16
AF 61(514)-594	Kelvin & Hughes, Ltd.	London, S. W. 1	Machmeters, altimeters, and spare parts	235,084.35
Total				144,717,247.52

U. S. Air Force, fiscal year 1953—Continued

UNITED KINGDOM—Continued

Contract No.	Contractor	City	Item	Amount
ELECTRONICS				
AF 61 (514)-214	General Electric Co., Ltd.	London, W. C. 2	Radio receiving equipment	\$748,287.00
AF 61 (514)-228	Thorn Electrical Industries, Ltd.	London, W. C. 1	Radio receiver, R-77A/ARC-3; radio transmitter, T-67/ARC-3.	1,117,485.78
AF 61 (514)-562	do	Middlesex	Engineering radio sets	118,864.12
Total				1,984,636.90
ENGINEERING EQUIPMENT				
AF 61 (514)-304	T. S. Harrison & Sons, Ltd.	York	Lathe, bench type, geared	13,027.57
MISCELLANEOUS				
AF 61(514)-416	Her Majesty's Government	London	Inspection (aeronautical)	150,000.00
Total United Kingdom				146,864,911.99

BRITISH AIRCRAFT INDUSTRY GAINS HALF BILLION FROM UNITED STATES TAXPAYERS

Mr. MALONE. Offshore aircraft procurement contracts for the fiscal year 1954 went entirely to the United Kingdom. The total amount is \$80,770,000.

Unfortunately, I do not have a breakdown of aircraft equipment procurement in Great Britain during 1954.

I do have, however, a listing of all offshore procurement in the United King-

dom for fiscal 1952 and fiscal 1953 other than those placed by the United States Air Force, which are given above.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a listing of United States Army and United States Navy offshore procurement contracts placed with the United Kingdom during those 2 fiscal years which with the Air Force con-

tracts, total more than \$450 million. Add the \$80 million that we know about in 1954, this makes more than a half billion dollars shipped over to Britain's aircraft industry at the expense of United States taxpayers and the American aircraft industry.

There being no objection, the list of the contracts were ordered to be printed in the RECORD, as follows:

U. S. Navy, fiscal year 1952

UNITED KINGDOM

Contract No.	Contractor	City	Item	Amount
AMMUNITION				
N62558S-47	Admiralty	London	Ammunition	\$110,000.00
N62558S-65	do	do	do	664,000.00
N62558S-66	do	do	Torpedoes	488,400.00
N62558S-134	do	do	Ammunition	29,350.00
N62558S-135	do	do	Grenades, cartridges, projectiles	12,000.00
N62558S-136	Vickers Armstrong	do	Projectiles and cartridges	10,000.00
N62558S-137	Admiralty	London	Projectiles, ammunition	22,500.00
N62558S-138	Vickers Armstrong	do	Cartridges	117,000.00
UK-8-151	Admiralty	London	Semi-armor-piercing ammunition	60,842.00
				1,514,092.00
ARTILLERY				
N62558S-64	do	do	40 millimeter guns	350,000.00
ELECTRONICS				
N62558S-41	Decca Radar, Ltd.		Radar sets	121,389.00
N62558S-52	do		do	77,940.00
N62558S-72	do		do	35,154.00
N62558S-73	do		do	97,900.00
N62558S-74	do		do	14,761.00
N62558S-75	do		do	204,254.00
N62558S-72	Murphy Radio		Receivers	132,706.00
N62558S-103	McMichael Radio		do	1,189,000.00
N62558S-116	Bush Radio		do	51,300.00
N62558S-118	Pye, Ltd.		Trans/receiver	225,000.00
N62558S-147	Decca Radar Ltd.		Radar sets	58,249.00
NOBFR-59498			Solenoid sets	3,848,000.00
Total				6,055,713.00
SHIPS AND EQUIPMENT				
N62558S-22 (P)	Admiralty	London	Inlet valves, cylinder heads, blocks	1,500.00
N62558S-23 (P)	do	do	Connecting rods, crankshafts	1,850.00
N62558S-29 (P)	do	do	High-pressure air bottles	3,200.00
N62558S-30 (P)	do	do	Testmeters, regulators, etc.	1,210.00
N62558S-31 (P)	do	do	Inversion units	1,115.00
N62558S-32 (P)	do	do	Generators	4,660.00
N62558S-36 (P)	do	do	Welders, starters	1,625.00
N62558S-49	Lincoln Electric, Ltd.		Calibrators	1,935.00
N62558S-53	Marconi Wireless Co.		Forklift trucks	15,747.00
N62558S-63	A. Hirst & Sons		Minesweeping gear, cutters	26,000.00
N62558S-66	Admiralty	London	Smoke candles	6,250.00
N62558S-98	do	do	Base spares PPI	7,500.00
N62558S-100 (P)	do	do	Base spares, ship spares	1,600.00
N62558S-108	do	do	Spares	5,000.00
N62558S-121	Wm. Denny Bros.		Diesel spares	8,335.00
N62558S-126	Crossley		do	13,387.00
N62558S-127	Norris Henty & Gardner		Mounts, generators, and diesel-engine oscillator, sweep	68,800.00
N62558S-129	Admiralty	London	Milling machine, milling attachments, etc.	5,987.00
N62558S-132	B. Elliott		Base spares, ship spares	7,000.00
N62558S-133	Admiralty	London	Base spares	15,000.00
N62558S-140	do	do	Diesel-engine spares	16,000.00
	Fairfield Shipbuilding			

U. S. Navy, fiscal year 1952—Continued

UNITED KINGDOM—Continued

Contract No.	Contractor	City	Item	Amount
SHIPS AND EQUIPMENT—Continued				
N62558S-141	Admiralty	London	Cable	\$38,500.00
N62558S-150	British Polar Engines		Diesel spares	8,000.00
N62558S-151(P)	Admiralty	London	Fire bricks	1,670.00
N62558S-154	British Emulsifiers		Cutters, stop wedges	92,668.00
N62558S-155(P)	Admiralty	London	Assembling machine, gages	4,100.00
UK-8-51	do	do	Drill mines	14,720.00
Total				373,359.00
ENGINEERING EQUIPMENT				
N62558S-97	David Brown Tractors		Diesel tractors	85,120.00
N62558S-104	Conveyancer Fork Trucks		Fork trucks	5,895.00
N62558S-105	do		do	9,779.00
N62558S-107	Conveyancer Fork Trucks, Ltd.		Fork trucks, spare parts	242,202.00
				342,996.00
WEAPONS AND SMALL ARMS				
N62558S-58	Admiralty	London	Oerlikon mounting	7,800.00
MISCELLANEOUS				
N62558S-113	Creed & Co.		Teleprinter	18,568.00
Informal purchase orders from United Kingdom.				14,579.70
Total United Kingdom.				33,147.70
Total United Kingdom.				8,677,107.70

U. S. Navy, fiscal year 1953

UNITED KINGDOM

Contract No.	Contractor	City	Item	Amount
AMMUNITION AND EXPLOSIVES				
N62558S-66	Admiralty	London	Torpedoes "21"	\$41,600.00
N62558S-134	do	do	Ammunition, 4.7-inch	29,346.80
N62558S-284	do	do	do	20,109.90
N62558S-285	do	do	do	16,474.50
N62558S-291	do	do	Smoke candles and grenades	21,606.00
N62558S-340	do	do	Depth charges	78,424.00
N62558S-341	do	do	Ammunition	28,847.00
N62558S-366	Ministry of Supply	do	do	268,223.00
N62558S-367	Admiralty	do	Starshell ammunition	12,778.00
Total				517,409.20
AIRCRAFT				
N62558S-211	Ministry of Supply	London	Aircraft	12,810,040.00
ARTILLERY				
N62558S-301	Admiralty	London	40-millimeter guns w/spares	135,613.00
ELECTRONICS				
N62558S-102	Murphy Radio, Ltd.	Hertfordshire	Sonobuoy receivers	96,631.07
N62558S-118	Pye, Ltd. (addition to 1952 contract)	London	Transmitters and receivers	53,282.34
N62558S-200	Decca Radar, Ltd.	do	Radar remote PPI	33,824.00
N62558S-201	do	do	Navigational radar	138,718.00
N62558S-204	do	do	Radar remote PPI	13,836.00
N62558S-205	do	do	Decca marine and radar units	108,924.20
N62558S-212	Michael Radio, Ltd.	Slough	Sonobuoy transmitters	459,893.28
N62558S-213	Decca Navigator Co.	London	Decca MK 5 marine receivers	285,432.00
N62558S-300	Marconi Wireless Telegraph		Electronics test set	32,423.69
N62558S-334	Cinema Telephone, Ltd.		Electronics equipment	7,560.00
N62558S-336	Marconi Wireless Telegraph		do	6,934.13
N62558S-345	Recall Engineering, Ltd.		Electric receivers	227,997.00
N62558S-347	Admiralty	London	Radio receiving equipment	6,919.00
N62558S-366	do	do	Radio direction finders	10,998.00
N62558S-381	Swiss Radio Busch	do	Receivers	12,699.00
Nobs-59595	Hazeltine Electric Corp.		Radar	6,756,000.00
Total				8,252,071.71
ENGINEERING EQUIPMENT				
N62558S-346	Lansing Bagnall, Ltd.		Gasoline power tractor	734.86
SHIPS EQUIPMENT				
N62558S-121	Crossley Bros., Ltd.	Manchester	Spares for Crossley engines	29,607.53
N62558S-150	British Polar Engines, Ltd.	Glasgow	Spares for British Polar engines	26,965.60
N62558S-179	Secretary of the Admiralty	London	Submarine battery	130,000.00
N62558S-180	do	do	Apparatus for checking torpedo tails	10,000.00
N62558S-190	do	do	Fire-control system	154,000.00
N62558S-198	Norris, Henty & Gardners	Lancashire	Spares for British Gardner engines	13,636.11
N62558S-296	Perkins	Peterboro	Diesel engines	30,112.00
N62558S-299			Submarine batteries	126,765.00
N62558S-310			Squid projectors	167,320.00
N62558S-331			Squids	194,926.00

U. S. Navy, fiscal year 1953—Continued

UNITED KINGDOM—Continued

Contract No.	Contractor	City	Item	Amount
SHIPS EQUIPMENT—continued				
N62558S-332	Admiralty	London	Astic equipment	\$214,182.00
N62558S-335	do	do	Minesweeping equipment	47,554.00
N62558S-344	do	do	Plotting table	83,614.00
N62558S-362(LI)	do	do	Minesweeping equipment	239,700.00
N62558S-377	do	do	Wire sweeps	157,920.00
Total				1,626,311.24
SHIPS (BUSHIPS)				
Nobs-4032	Secretary of the Admiralty	do	Inshore minesweepers	11,676,000.00
MISCELLANEOUS				
N-62558S-302	Admiralty	do	Inspection services	4,225.50
Total, United Kingdom.				35,022,405.51

U. S. Army, fiscal year 1953

UNITED KINGDOM

Contract No.	Contractor	City	Item	Amount
AMMUNITION AND EXPLOSIVES				
DA-91-557-EUC-75	Her Majesty's Government	London	Shell, 20 pdr smoke; 20 pdr blank; 7.92-millimeter; hand grenade	\$18,161,104.88
DA-91-557-EUC-114	do	do	Shell, HE, M107, 155-millimeter	20,675,187.00
DA-91-557-EUC-130	do	do	Shell, 90-millimeter	29,021,250.00
DA-91-557-EUC-140	Imperial Chemical Industries, Ltd.	Birmingham	Cartridge, Caliber .50	1,799,513.36
DA-91-557-EUC-147	Her Majesty's Government	London	Shell, 90-millimeter smoke; shell, 155-millimeter smoke	11,859,246.80
DA-91-557-EUC-178	Ministry of Supply	do	Shot, 90-millimeter, T&A F gun	12,221,000.00
DA-91-557-EUC-181	Her Majesty's Government	do	Rocket, HEAT, 3.5-inch	6,320,000.00
DA-91-557-EUC-182	do	do	Shell, 105-millimeter	1,372,500.00
Total				101,429,802.04
ELECTRONICS				
DA-91-557-EUC-88	Thorn Elec. Industries, Ltd.	London	Radio set AN/GRR-5 and spares	1,438,650.00
DA-91-557-EUC-122	The British Thomson-Houston Co., Ltd.	Rugby	Radar, British No. 3 MK 7 and spares	4,177,488.00
DA-91-557-EUC-165	R. A. Lister & Co., Ltd.	Gloucester	do	794,358.88
DA-91-557-EUC-168	British Ministry of Supply	London	Predictor AA No. 11A, Mk3	6,880,020.00
Total				13,290,516.88
WEAPONS AND SMALL ARMS				
DA-91-557-EUC-75	Her Majesty's Government	London	Spare parts for B. E. S. A. machinegun	5,699.52
DA-91-557-EUC-160	do	do	Armament spares	900,000.00
Total				906,699.52
COMBAT VEHICLES				
DA-91-557-EUC-75	Her Majesty's Government	London	Centurion tanks	80,029,663.74
DA-91-557-EUC-75	do	do	Patrol trailers	2,533,505.39
Total				82,563,169.13
TRANSPORT VEHICLES				
DA-91-557-EUC-145	J. A. Phillips & Co., Ltd.	Birmingham	Bicycle, men's military	37,424.14
MISCELLANEOUS				
DA-91-557-EUC-149	Her Majesty's Government	London	Inspection of ammunition	15,000.00
DA-91-557-EUC-254	do	do	Greek aid, signal items	480,675.75
DA-91-557-EUC-203	do	do	Greek aid, ordnance and medical items	600,479.54
Total				1,096,155.29
Total, United Kingdom.				199,323,767.00

U. S. Air Force, fiscal year 1953

UNITED KINGDOM

Contract No.	Contractor	City	Item	Amount
AIRCRAFT AND EQUIPMENT				
AF 61 (514)-217	Sangamo Weston, Ltd.	Enfield/Middlesex	Portable ammeter	\$164.70
AF 61 (514)-330	Dunlop Rubber Co., Ltd.	Coventry	Tube, aircraft, inner high pressure	14,368.86
AF 61 (514)-332	Her Majesty's Government	London	Hawker Hunter airplanes	140,074,200.00
AF 61 (514)-339	Fields Aircraft Services	Surrey	Removal aircraft from storage and preparation for flight	210,102.90
AF 61 (514)-365	Her Majesty's Government	London	Westland Dragonfly HC, Mark IV helicopters (less engine)	936,800.00

U. S. Air Force, fiscal year 1953—Continued

UNITED KINGDOM—Continued

Contract No.	Contractor	City	Item	Amount
AIRCRAFT AND EQUIPMENT—continued				
AF 61 (514)-446	Goodyear Tire & Rubber Co. (Great Britain), Ltd.	Wolverhampton	Wheel assembly, nose, low profile	\$7,962.90
AF 61 (514)-451	Dunlop Rubber Co.	Coventry	Aero wheel and brake assembly	396,279.12
AF 61 (514)-452	Goodyear Tire & Rubber Co. (Great Britain), Ltd.	Wolverhampton	Wheel assembly, nose, extra high pressure	11,661.84
AF 61 (514)-495	G. H. Burgess & Co., Ltd.	Middlesex	Aerial banner tow targets and spares	327,704.79
AF 61 (514)-501	Avery-Hardoll, Ltd.	Surbiton, Surrey	Aircraft fuel servicing, pressure-type nozzles	80,542.00
AF 61 (514)-564	North British Rubber Co., Ltd., Castle Mills	Edinburgh 39, Scotland	Aircraft casings	55,861.72
AF 61 (514)-566	Goodyear Tire & Rubber Co., Ltd.	Wolverhampton	do	396,441.29
AF 61 (514)-576	Thorn Electrical Industries, Ltd.	London, W. C. 1	Reverse current cutout	39,805.89
AF 61 (514)-584	Goodyear Tire & Rubber Co. (Great Britain), Ltd.	Wolverhampton	Wheel and brake assembly	1,930,267.16
AF 61 (514)-594	Kelvin & Hughes, Ltd.	London, S. W. 1	Machmeters, altimeters and spare parts	235,084.35
Total				144,717,247.52
ELECTRONICS				
AF 61 (514)-214	General Electric Co., Ltd.	London, W. C. 2	Radio receiving equipment	748,287.00
AF 61 (514)-228	Thorn Electrical Industries, Ltd.	London, W. C. 1	Radio receiver, R-77A/ARC-3; radio transmitter, T-67/ARC-3	1,117,485.78
AF 61 (514)-562	do	Middlesex	Engineering radio sets	118,864.12
Total				1,984,636.90
ENGINEERING EQUIPMENT				
AF 61 (514)-304	T. S. Harrison & Sons, Ltd.	Yorks	Lathe, bench-type, geared	13,027.57
MISCELLANEOUS				
AF 61 (514)-416	Her Majesty's Government	London	Inspection (aeronautical)	150,000.00
Total, United Kingdom				146,864,911.99

OFFSHORE PROCUREMENT CONTRACTS PLACED BY UNITED STATES

U. S. Army, fiscal year 1952

UNITED KINGDOM

Contract No.	Contractor	City	Item	Amount
AMMUNITION				
DA-91-557-EUC-17	Imperial Chemical Industries, Ltd.	Birmingham	Cartridges, 30-caliber, in cartons	\$6,840,100.00
DA-91-557-EUC-59	Her Majesty's Government	London	Shell, 90-millimeter, HE E71	21,830,221.80
DA-91-557-EUC-60	do	do	Shell, 155-millimeter howitzer 1	8,252,731.49
DA-91-557-EUC-61	do	do	Rocket HEAT 35-inch	9,910,000.00
DA-91-557-EUC-65	do	do	Inspection of EUC 17 cartridge, 30-caliber	71,720.00
Total				46,904,773.29
ELECTRONICS				
DA-91-557-EUC-1	Murphy Radio, Ltd.	Welwyn Garden City, Hertfordshire	Radio, SCR 300	819,565.63
DA-91-557-EUC-3	do	do	Inspection of above	16,373.65
DA-91-557-EUC-8	British Thompson	Rugby	Radar mark 7 and generator	4,879,959.00
				5,715,898.28
MISCELLANEOUS				
DA-91-557-EUC-40	Oliver Typewriting	Croydon	Typewriters	1,820.32
DA-91-557-EUC-41	Olivetti	Glasgow	do	990.00
				2,810.32
Total, United Kingdom				52,623,481.89

U. S. Air Force, fiscal year 1952

ENGLAND

Contract No.	Contractor	City	Item	Amount
AIRCRAFT AND EQUIPMENT				
AF 61 (514)-31	Sterling Cable Co., Ltd.	Berkshire, Aldermaston	Polychloroprene cable	\$12,075.00
AF 61 (514)-33	Rolls Royce, Ltd.	Derby	Engine cylinder heads	115,010.00
AF 61 (514)-63	R. F. D. Co., Ltd.	Godalming, Surrey	Tow targets	683,215.30
AF 61 (514)-64	Sangam O. Weston, Ltd.	Middlesex, Enfield	Portable ammeter	621.60
AF 61 (514)-67	Goodyear Tire & Rubber Co.	Wolverhampton	Aircraft casings and tubes	248,498.84
AF 61 (514)-72	Dunlop Rubber Co., Ltd. Aviation	Coventry	do	193,030.88
AF 61 (514)-79	British Vacuum Cleaner & Engineering Co.	Leatherhead, Surrey	Vacuum cleaners	3,819.78
AF 61 (514)-85	Kodak, Ltd.	London	Film readers	11,097.56
AF 61 (514)-95	Hilmor, Ltd.	do	Tube benders	12,393.08
AF 61 (514)-165	Air Trainers, Ltd.	Aylesbury	Link trainer and spares	819,961.00
AF 61 (514)-187	Rolls Royce, Ltd.	Derby	V-1650 engine spares	1,112,999.70
AF 61 (514)-200	Marconi Wireless Telegraph Co., Ltd.	London	Oscillators	54,843.75

U. S. Air Force, fiscal year 1952—Continued

ENGLAND—Continued

Contract No.	Contractor	City	Item	Amount
AIRCRAFT AND EQUIPMENT—continued				
AF 61(514)-214	General Electric Co.	London	Radio receiving equipment	\$647,207.50
AF 61(514)-220	Dunlop Rubber Co., Ltd., aviation	do	Anti-G suits	351,072.00
AF 61(514)-225	General Electric Co., Ltd.	do	Rectifiers	63,251.31
AF 61(514)-246	Casella & Co., Ltd.	do	Monometers	7,822.50
Total				4,336,919.80
ELECTRONICS				
AF 61(514)-228	Thorn Electrical Industries, Ltd.	do	AN/ARC-3, radio parts	2,409,381.98
ENGINEERING EQUIPMENT				
AF 61(514)-232	Birtley Co., Ltd.	Birtley	Road scrapers	852,281.50
Total England				7,598,583.28

U. S. Navy, fiscal year 1952

UNITED KINGDOM

Contract No.	Contractor	City	Item	Amount
AMMUNITION				
N62558S-47	Admiralty	London	Ammunition	\$110,000.00
N62558S-65	do	do	do	664,000.00
N62558S-66	do	do	Torpedoes	488,400.00
N62558S-134	do	do	Ammunition	29,350.00
N62558S-135	do	do	Grenades, cartridges, projectiles	12,000.00
N62558S-136	Vickers Armstrong	do	Projectiles and cartridges	10,000.00
N62558S-137	Admiralty	London	Projectiles, ammunition	22,500.00
N62558S-138	Vickers Armstrong	do	Cartridges	117,000.00
UK-8-151	Admiralty	London	Semi-armor-piercing ammunition	60,842.00
Total				1,514,092.00
ARTILLERY				
N62558S-64	Admiralty	London	40 millimeter guns	350,000.00
ELECTRONICS				
N62558S-41	Decca Radar, Ltd.		Radar sets	121,389.00
N62558S-52	do		do	77,940.00
N62558S-72	do		do	\$35,154.00
N62558S-73	do		do	97,900.00
N62558S-74	do		do	14,761.00
N62558S-75	do		do	204,254.00
N62558S-102	Murphy Radio		Receivers	132,766.00
N62558S-103	McMichael Radio		do	1,189,000.00
N62558S-116	Bush Radio		do	51,300.00
N62558S-118	Pye, Ltd.		Transmitter/receiver	225,000.00
N62558S-147	Decca Radar, Ltd.		Radar sets	58,249.00
NOBFR-59498			Solenoid sets	3,848,000.00
				6,055,713.00
SHIPS AND EQUIPMENT				
N62558S-22 (P)	Admiralty	London	Inlet valves, cylinder heads, blocks	1,500.00
N62558S-23 (P)	do	do	Connecting rods, crankshafts	1,850.00
N62558S-29 (P)	do	do	High pressure air bottles	3,200.00
N62558S-30 (P)	do	do	Testmeters, regulators, etc.	1,210.00
N62558S-31 (P)	do	do	Inversion units	1,115.00
N62558S-32 (P)	do	do	Generators	4,660.00
N62558S-36 (P)	Lincoln Electric, Ltd.		Welders, starters	1,625.00
N62558S-49	Marconi Wireless Co.		Calibrators	1,935.00
N62558S-53	A. Hirst & Sons		Forklift trucks	15,747.00
N62558S-63	Admiralty	London	Minesweeping gear, cutters	26,000.00
N62558S-96	do	do	Smoke candles	6,250.00
N62558S-98	do	do	Base spares PPI	7,500.00
N62558S-100 (P)	do	do	Base spares, ship spares	1,600.00
N62558S-108	Wm. Denny Bros.		Spares	5,000.00
N62558S-121	Crossley		Diesel spares	8,335.00
N62558S-126	Norris Henty & Gardner		do	13,387.00
N62558S-127	Admiralty	London	Mounts, generators and diesel engine oscillator, sweep	68,800.00
N62558S-129	B. Elliott		Milling machine, milling attachments, etc.	5,987.00
N62558S-132	Admiralty	London	Base spares, ship spares	7,000.00
N62558S-133	do	do	Base spares	15,000.00
N62558S-140	Fairfield Shipbuilding		Diesel engine spares	16,000.00
N62558S-141	Admiralty	London	Cable	38,500.00
N62558S-150	British Polar Engines		Diesel spares	8,000.00
N62558S-151 (P)	Admiralty	London	Fire bricks	1,670.00
N62558S-154	British Emulsifiers		Cutters, stop wedges	92,668.00
N62558S-155 (P)	Admiralty	London	Assembling machine, gages	4,100.00
UK-8-51	do	do	Drill mines	14,720.00
				373,359.00
ENGINEERING EQUIPMENT				
N62558S-97	David Brown Tractors		Diesel tractors	85,120.00
N62558S-104	Conveyancer Fork Trucks		Fork trucks	5,895.00
N62558S-105	do		do	9,779.00
N62558S-107	Conveyancer Fork Trucks, Ltd.		Fork trucks, spare parts	242,202.00
				342,996.00

U. S. Navy, fiscal year 1952—Continued

UNITED KINGDOM—Continued

Contract No.	Contractor	City	Item	Amount
WEAPONS AND SMALL ARMS				
N62558S-58	Admiralty	London	Oerlikon mountings	\$7,800.00
MISCELLANEOUS				
N62558S-113	Creed & Co.		Teleprinter	18,568.00
Informal purchase orders from United Kingdom.				14,579.70
				33,147.70
Total United Kingdom.				8,677,107.70

U. S. Navy, fiscal year 1953

UNITED KINGDOM

Contract No.	Contractor	City	Item	Amount
AMMUNITION AND EXPLOSIVES				
N62558S-66	Admiralty	London	Torpedoes "21"	\$41,600.00
N62558S-134	do	do	Ammunition, 4.7-inch	29,346.80
N62558S-284	do	do	do	20,109.90
N62558S-285	do	do	do	16,474.50
N62558S-291	do	do	Smoke candles and grenades	21,606.00
N62558S-340	do	do	Depth charges	78,424.00
N62558S-341	Admiralty	do	Ammunition	28,847.00
N62558S-366	Ministry of Supply	do	do	268,223.00
N62558S-367	Admiralty	do	Starshell ammunition	12,778.00
Total				517,409.20
AIRCRAFT				
N62558S-211	Ministry of Supply	London	Aircraft	12,810,040.00
ARTILLERY				
N62558S-301	Admiralty	do	40-millimeter guns w/spares	135,613.00
ELECTRONICS				
N62558S-102	Murphy Radio, Ltd.	Hertfordshire	Sonobuoy receivers	96,631.07
N62558S-118	Pye, Ltd. (addition to 1952 contract)	London	Transmitters and receivers	53,282.34
N62558S-200	Decca Radar, Ltd.	do	Radar remote PPI	33,824.00
N62558S-201	do	do	Navigational radar	138,718.00
N62558S-204	do	do	Radar remote PPI	13,836.00
N62558S-205	do	do	Decca marine and radar units	108,924.20
N62558S-212	Michael Radio, Ltd.	Slugh	Sonobuoy transmitters	459,893.28
N62558S-213	Decca Navigator Co.	London	Decca MK 5 marine receivers	285,432.00
N62558S-300	Marconi Wireless Telegraph		Electronics test set	32,423.69
N62558S-334	Cinema Telephone, Ltd.		Electronics equipment	7,560.00
N62558S-336	Marconi Wireless Telegraph		do	6,934.13
N62558S-345	Recall Engineering, Ltd.		Electric receivers	227,997.00
N62558S-347	Admiralty	London	Radio receiving equipment	6,919.00
N62558S-366	do	do	Radio direction finders	10,998.00
N62558S-381	Swiss Radio Busch	do	Receivers	12,699.00
Nobs-59595	Hazeltine Electric Corp.		Radar	6,756,000.00
Total				8,252,071.71
ENGINEERING EQUIPMENT				
N62558S-346	Lansing Bagnall, Ltd.		Gasoline power tractor	734.86
SHIPS EQUIPMENT				
N62558S-121	Crossley Bros., Ltd.	Manchester	Spares for Crossley engines	29,607.53
N62558S-150	British Polar Engines, Ltd.	Glasgow	Spares for British Polar engines	26,965.60
N62558S-179	Secretary of the Admiralty	London	Submarine battery	130,000.00
N62558S-180	do	do	Apparatus for checking torpedo tails	10,000.00
N62558S-190	do	do	Fire-control system	154,000.00
N62558S-198	Norris, Henty & Gardners	Lancashire	Spares for British Gardner engines	13,636.11
N62558S-296	Perkins	Peterboro	Diesel engines	30,112.00
N62558S-299			Submarine batteries	126,765.00
N62558S-310			Squid projectors	167,329.00
N62558S-331			Squids	194,926.00
N62558S-332	Admiralty	London	Astic equipment	214,182.00
N62558S-335	do	do	Minesweeping equipment	47,554.00
N62558S-344	do	do	Plotting table	83,614.00
N62558S-362 (LI)	do	do	Minesweeping equipment	239,700.00
N62558S-377	do	do	Wire sweeps	157,920.00
Total				1,626,311.24
SHIPS (BUSHIPS)				
Nobs-4032	Secretary of the Admiralty	London	Inshore minesweepers	11,676,000.00
MISCELLANEOUS				
N-62558S-302	Admiralty	do	Inspection services	4,225.50
Total, United Kingdom.				35,022,405.51

OFFSHORE PROCUREMENT CONTRACTS PLACED BY UNITED STATES

U. S. Army, fiscal year 1952

UNITED KINGDOM

Contract No.	Contractor	City	Item	Amount
AMMUNITION				
DA-91-557-EUC-17	Imperial Chemical Industries, Ltd.	Birmingham	Cartridge, 30-caliber, in cartons	\$6,840,100.00
DA-91-557-EUC-59	Her Majesty's Government	London	Shell, 90-millimeter, EE E71	21,830,221.80
DA-91-557-EUC-60	do	do	Shell, 155-millimeter howitzer M1	8,252,731.49
DA-91-557-EUC-61	do	do	Rocket HEAT 35-inch	9,810,000.00
DA-91-557-EUC-65	do	do	Inspection of EUC 17	71,720.00
			Cartridge, 30-caliber	
Total				46,904,773.29
ELECTRONICS				
DA-91-557-EUC-1	Murphy Radio, Ltd.	Welwyn Garden City, Herfordshire	Radio SCR-300	819,565.63
DA-91-557-EUC-3	do	do	Inspection of above	16,373.65
DA-91-557-EUC-8	British Thompson	Rugby	Radar mark 7 and generator	4,879,959.00
Total				5,715,898.28
MISCELLANEOUS				
DA-91-557-EUC-40	Oliver Typewriting	Croydon	Typewriters	1,820.32
DA-91-557-EUC-41	Olivetti	Glasgow	do	990.00
Total				2,810.32
Total, United Kingdom				52,623,481.89

U. S. Army fiscal year 1953

UNITED KINGDOM

Contract No.	Contractor	City	Item	Amount
AMMUNITION AND EXPLOSIVES				
DA-91-557-EUC-75	Her Majesty's Government	London	Shell, 20 pounder, smoke; 20 pounder, blank; 7.92 millimeter; hand grenade	\$18,161,104.88
DA-91-557-EUC-114	do	do	Shell, HE, M107, 155 millimeter	20,675,187.00
DA-91-557-EUC-130	do	do	Shell, 90 millimeter	29,021,250.00
DA-91-557-EUC-140	Imperial Chemical Industries, Ltd.	Birmingham	Cartridge, caliber .50	1,799,513.36
DA-91-557-EUC-147	Her Majesty's Government	London	Shell, 90 millimeter, smoke; shell, 155 millimeter, smoke	11,859,246.80
DA-91-557-EUC-178	Ministry of Supply	do	Shot, 90 millimeter, T & AT gun	12,221,000.00
DA-91-557-EUC-181	Her Majesty's Government	do	Rocket, HEAT, 3.5 inch	6,320,000.00
DA-91-557-EUC-182	do	do	Shell, 105 millimeter	1,372,500.00
Total				101,429,802.04
ELECTRONICS				
DA-91-557-EUC-88	Thorn Electrical Industries, Ltd.	London	Radio set, AN/GRR-5, and spares	1,438,650.00
DA-91-557-EUC-122	The British Thomson-Houston Co., Ltd.	Rugby	Radar, British No. 3, mark 7 and spares	4,177,488.00
DA-91-557-EUC-165	R. A. Lister & Co., Ltd.	Gloucester	do	794,358.88
DA-91-557-EUC-168	British Ministry of Supply	London	Predictor AA No. 11A, mark 3	6,880,020.00
Total				13,290,516.88
WEAPONS AND SMALL ARMS				
DA-91-557-EUC-75	Her Majesty's Government	do	Spare parts for B.E.S.A. machine gun	5,699.52
DA-91-557-EUC-75	do	do	Armament spares	900,000.00
Total				906,699.52
COMBAT VEHICLES				
DA-91-557-EUC-75	do	do	Centurion tanks, petrol trailers	80,029,663.74
DA-91-557-EUC-75	do	do	Spare parts for Centurion tanks	2,533,505.39
Total				82,563,169.13
TRANSPORT VEHICLES				
DA-91-557-EUC-145	J. A. Phillips & Co., Ltd.	Birmingham	Bicycle, men's military	37,424.14
MISCELLANEOUS				
DA-91-557-EUC-149	Her Majesty's Government	London	Inspection of ammunition	15,000.00
DA-91-557-EUC-254	do	do	Greek aid, signal items	480,675.75
DA-91-557-EUC-203			Greek aid, ordnance and medical items	600,479.54
Total				1,096,155.29
Total United Kingdom				199,323,767.00

WORLDWIDE UNITED STATES FOREIGN PROCUREMENT TOTAL EXCEEDS \$2,200,000,000

Mr. MALONE. Mr. President, the contracts listed above are only the contracts awarded to the United Kingdom. For Europe as a whole over \$2,200,000,000 in offshore procurement contracts were

placed in the fiscal years 1952 and 1953. The fiscal year 1954 offshore procurement worldwide totals over \$900 million, of which about 90 percent is planned for Europe.

I ask unanimous consent to have printed in the RECORD at this point in

my remarks the record of value of military assistance programs chargeable to appropriations, in millions of dollars, with the fiscal years headlined.

There being no objection, the document was ordered to be printed in the RECORD, as follows:

Department of Defense, MDAP as of Mar. 31, 1954—Europe

VALUE OF MILITARY ASSISTANCE PROGRAMS CHARGEABLE TO APPROPRIATIONS

[Millions of dollars]

	Fiscal year 1950-54	Fiscal year 1954	Proposed fiscal year 1955	Fiscal year 1950-55
Total.....	13,449.5	1,646.6	745.2	14,194.6
Materiel.....	12,327.6	1,227.6	430.9	12,758.4
Equipment and supplies.....	(12,007.3)	(1,217.6)	(420.9)	(12,428.1)
Other materiel charges.....	(320.3)	(10.0)	(10.0)	(330.3)
Training.....	265.2	84.9	46.2	311.4
Other (specify).....	416.5	129.0	120.4	536.9
Other P. C. H. & T.....	440.2	205.1	147.7	587.9
Other (regional and special projects).....				

VALUE OF PROGRAMS FOR EQUIPMENT AND SUPPLIES

[Millions of dollars]

	Fiscal year 1950-54 program				Fiscal year 1954 program		Proposed fiscal year 1955 program	
	Shipped		To be shipped		Chargeable to appropriation	Excess	Chargeable to appropriation	Excess
	Charged to appropriation	Excess	Chargeable to appropriation	Excess				
Total.....	5,752.9	478.8	6,254.4	21.5	1,217.6	3.8	420.9	
Army.....	4,122.3	152.2	2,404.6	3.6	431.6		126.3	
Navy.....	553.6	218.0	1,044.4	13.1	250.8	3.8	72.4	
Air Force.....	1,077.0	108.6	2,805.4	4.8	535.3		222.2	

TRAINING PROGRAMS—UNITED STATES AND OVERSEAS

[Value in thousands of dollars]

	Fiscal year 1950-54 program					Proposed fiscal year 1955 program	
	Spaces programed	Value	Spaces completed	Value	Spaces in training	Spaces programed	Value
Total:							
Formal training.....	39,203	241,739.1	25,552	79,634.3	3,808	20,575	36,690.0
Other training.....		23,482.7		11,144.5			9,508.1
Army:							
Formal training.....	7,089	6,097.1	5,848	4,420.4	211	2,427	3,033.9
Other training.....		3,779.7		2,381.0			4,784.2
Navy:							
Formal training.....	13,602	46,440.5	9,219	19,624.7	2,044	1,730	8,281.6
Other training.....		4,706.2		1,998.1			1,425.4
Air Force:							
Formal training.....	18,512	189,201.5	10,485	55,589.2	1,553	16,418	25,383.5
Other training.....		14,996.8		6,766.4			3,298.5

NOTE.—Totals based on unrounded figures hence may vary from totals of rounded amounts.

Department of Defense, MDAP as of Mar. 31, 1954—Latin America

VALUE OF MILITARY ASSISTANCE PROGRAMS CHARGEABLE TO APPROPRIATIONS

[Millions of dollars]

	Fiscal year 1950-54	Fiscal year 1954	Proposed fiscal year 1955	Fiscal year 1950-55
Total.....	104.2	23.7	13.0	117.2
Materiel.....	93.8	16.1	5.1	98.9
Equipment and supplies.....	(87.2)	(14.7)	(3.8)	(91.0)
Other materiel charges.....	(6.6)	(1.4)	(1.3)	(7.8)
Training.....	5.5	3.7	2.9	8.4
Other (specify).....	4.9	3.9	5.1	10.0
Other, P. C. H. and T.....				

Department of Defense, MDAP as of Mar. 31, 1954—Latin America—Continued

VALUE OF PROGRAMS FOR EQUIPMENT AND SUPPLIES

[Millions of dollars]

	Fiscal years 1950-54 program				Fiscal year 1954 program		Proposed fiscal year 1955 program	
	Shipped		To be shipped					
	Charged to appropriation	Excess	Chargeable to appropriation	Excess	Chargeable to appropriation	Excess	Chargeable to appropriation	Excess
Total.....	30.1	62.9	57.1	6.4	14.7	2.6	3.8	3.0
Army.....	21.2	1.1	26.7	1.8	1.8	.2	1.0	-----
Navy.....	4.7	52.8	13.1	-----	6.5	-----	1.2	-----
Air Force.....	4.2	9.0	17.3	4.6	6.4	2.4	1.6	3.0

TRAINING PROGRAMS—UNITED STATES AND OVERSEAS

[Value in thousands of dollars]

	Fiscal year 1950-54 program					Proposed fiscal year 1955 program	
	Spaces programed	Value	Spaces completed	Value	Spaces in training	Spaces programed	Value
Total:							
Formal training.....		55.0		30.0		488	666.6
Other training.....		5,410.1		1,333.6			2,231.0
Army:							
Formal training.....						488	666.6
Other training.....		377.2		8.3			1,333.4
Navy:							
Formal training.....		55.0		30.0			
Other training.....		4,720.9		1,325.3			897.6
Air Force:							
Formal training.....							
Other training.....		312.0					

NOTE.—Totals based on unrounded figures hence may vary from totals of rounded amounts.

Department of Defense, MDAP as of Mar. 31, 1954—Far East and Pacific

VALUE OF MILITARY ASSISTANCE PROGRAMS CHARGEABLE TO APPROPRIATIONS

[Millions of dollars]

	Fiscal year 1950-54	Fiscal year 1954	Proposed fiscal year 1955	Fiscal year 1950-55
Total.....	2,489.6	838.5	583.6	3,073.2
Materiel.....	2,331.8	765.2	521.1	2,852.9
Equipment and supplies.....	(2,281.5)	(760.4)	(511.0)	(2,792.5)
Other materiel charges.....	(50.3)	(4.9)	(10.1)	(65.4)
Training.....	40.7	22.3	20.7	61.4
Other (specify).....				
Other P. O. H. and T.....	117.1	51.0	41.8	159.0

VALUE OF PROGRAMS FOR EQUIPMENT AND SUPPLIES

[Millions of dollars]

	Fiscal year 1950-54 program				Fiscal year 1954 program		Proposed fiscal year 1955 program	
	Shipped		To be shipped					
	Charged to appropriation	Excess	Chargeable to appropriation	Excess	Chargeable to appropriation	Excess	Chargeable to appropriation	Excess
Total.....	1,219.3	107.6	1,062.3	26.8	760.4	24.0	511.0	9.9
Army.....	857.1	57.7	625.5	1.4	477.4	-----	292.9	-----
Navy.....	157.1	15.2	118.9	14.3	70.8	15.4	87.5	9.9
Air Force.....	205.1	34.7	317.9	11.1	212.2	8.6	130.6	-----

Department of Defense, MDAP as of Mar. 31, 1954—Far East and Pacific—Continued

TRAINING PROGRAMS—UNITED STATES AND OVERSEAS

[Value in thousands of dollars]

	Fiscal year 1950-54 program					Proposed fiscal year 1955 program	
	Spaces programmed	Value	Spaces completed	Value	Spaces in training	Spaces programmed	Value
Total:							
Formal training.....	8,488	124,940.8	6,405	16,246.9	1,460	13,105	13,838.2
Other training.....		11,838.2		5,649.2			6,898.0
Army:							
Formal training.....	4,393	14,885.1	3,099	9,904.8	658	1,865	6,629.1
Other training.....		6,901.4		3,528.4			4,066.1
Navy:							
Formal training.....	2,308	2,052.7	1,821	1,201.1	629	2,070	3,291.3
Other training.....		2,175.8		857.7			1,074.7
Air Force:							
Formal training.....	1,787	8,003.0	1,485	5,141.0	173	9,170	3,917.8
Other training.....		2,761.0		1,263.1			1,757.2

¹ Excludes \$3.9 million proposed program for 1 country.

NOTE.—Totals based on unrounded figures hence may vary from totals of rounded amounts.

TIME TO CALL ROLL ON FOREIGN-AID RECIPIENTS

Mr. MALONE. Mr. President, in the judgment of the junior Senator from Nevada, it is time that this Nation called the roll on the recipients of its taxpayers' money, and ceased once and for all financing potential foes through intermediaries that we fondly call our allies.

Mr. KNOWLAND. Vote!

Mr. MALONE. Mr. President, I ask for the yeas and nays.

The yeas and nays were not ordered.

Mr. KNOWLAND. Vote!

The PRESIDING OFFICER (Mr. BEALL in the chair). The question is on agreeing to the amendment offered by the Senator from Nevada [Mr. MALONE].

The amendment was rejected.

The PRESIDING OFFICER. The bill is open to further amendment.

If there be no further amendments to be offered, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

Mr. KNOWLAND. Mr. President, on that question I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. KNOWLAND. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Crippa	Hennings
Anderson	Daniel	Hickenlooper
Barrett	Dirksen	Hill
Beall	Douglas	Holland
Bennett	Dworshak	Humphrey
Bowring	Ellender	Ives
Bricker	Ervin	Jackson
Bridges	Ferguson	Jenner
Burke	Flanders	Johnson, Colo.
Butler	Fulbright	Johnson, Tex.
Capehart	George	Johnston, S. C.
Carlson	Gillette	Kennedy
Case	Goldwater	Kerr
Chavez	Gore	Knowland
Clements	Green	Kuchel
Cooper	Hayden	Langer
Cordon	Hendrickson	Lehman

Lennon	Morse	Smith, Maine
Long	Mundt	Smith, N. J.
Magnuson	Murray	Sparkman
Malone	Pastore	Stennis
Mansfield	Payne	Symington
Martin	Potter	Thye
Maybank	Purtell	Upton
McCarran	Reynolds	Watkins
McCarthy	Robertson	Welker
McClellan	Russell	Wiley
Millikin	Saltonstall	Young
Monroney	Smathers	

The PRESIDING OFFICER. A quorum is present.

The question is, Shall the bill pass? On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. SALTONSTALL. I announce that the Senator from Connecticut [Mr. BUSH] and the Senator from Kansas [Mr. SCHOEPP] are absent by leave of the Senate. The Senator from Pennsylvania [Mr. DUFF] and the Senator from Delaware [Mr. WILLIAMS] are necessarily absent.

On this vote, the Senator from Connecticut [Mr. BUSH] is paired with the Senator from Delaware [Mr. FREAR]. If present and voting, the Senator from Connecticut [Mr. BUSH] would vote "yea," and the Senator from Delaware [Mr. FREAR] would vote "nay."

If present and voting, the Senator from Pennsylvania [Mr. DUFF] would vote "yea," and the Senator from Kansas [Mr. SCHOEPP] would vote "nay."

If present and voting, the Senator from Delaware [Mr. WILLIAMS] would vote "yea."

Mr. CLEMENTS. I announce that the Senator from Virginia [Mr. BYRD], the Senator from Mississippi [Mr. EASTLAND], the Senator from Delaware [Mr. FREAR], the Senator from Tennessee [Mr. KEFAUVER], and the Senators from West Virginia [Mr. KILGORE and Mr. NEELY] are absent on official business.

I announce further than on this vote the Senator from Delaware [Mr. FREAR] is paired with the Senator from Connecticut [Mr. BUSH]. If present and voting, the Senator from Delaware would vote "nay," and the Senator from Connecticut would vote "yea."

The result was announced—yeas 67, nays 19, as follows:

YEAS—67

Aiken	Green	McClellan
Anderson	Hayden	Millikin
Beall	Hendrickson	Monroney
Bowring	Hennings	Morse
Bridges	Hickenlooper	Mundt
Burke	Hill	Murray
Butler	Holland	Pastore
Carlson	Humphrey	Payne
Chavez	Ives	Potter
Clements	Jackson	Purtell
Cooper	Johnson, Tex.	Robertson
Cordon	Kennedy	Saltonstall
Crippa	Kerr	Smathers
Daniel	Knowland	Smith, Maine
Dirksen	Kuchel	Smith, N. J.
Douglas	Lehman	Sparkman
Ellender	Lennon	Stennis
Ervin	Long	Symington
Ferguson	Magnuson	Thye
Flanders	Mansfield	Upton
Fulbright	Martin	Wiley
George	Maybank	
Gore	McCarran	

NAYS—19

Barrett	Goldwater	Reynolds
Bennett	Jenner	Russell
Bricker	Johnson, Colo.	Watkins
Capehart	Johnston, S. C.	Welker
Case	Langer	Young
Dworshak	Malone	
Gillette	McCarthy	

NOT VOTING—10

Bush	Frear	Schoeppel
Byrd	Kefauver	Williams
Duff	Kilgore	
Eastland	Neely	

So the bill (H. R. 9678) was passed.

Mr. WILEY. Mr. President, I move that the vote by which the bill was passed be reconsidered.

Mr. KNOWLAND. Mr. President, I move to lay on the table the motion to reconsider.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from California to lay on the table the motion to reconsider.

The motion to reconsider was laid on the table.

Mr. WILEY. Mr. President, I move that the Senate insist upon its amendments, request a conference thereon with the House, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. WILEY,

Mr. SMITH of New Jersey, Mr. HICKEN-LOOPER, Mr. GEORGE, and Mr. GREEN conferees on the part of the Senate.

Mr. WATKINS subsequently said: Mr. President, I had intended to make a short statement prior to the vote on the measure just passed by the Senate, but I was temporarily out of the chamber, and the vote came sooner than I anticipated, and for that reason I desire to make the statement I had prepared.

Mr. President, I regret that I could not with good conscience vote for the Mutual Security Act of 1954. In previous years, I have voted for both the military and the economic assistance acts. It is evident that nearly \$10 billion of previous appropriations for assistance have not been expended and are now available for use in connection with these two programs. There is ample authority for expenditures where most needed, and this bill is not needed for the purpose of giving additional authority.

The history of the last few years demonstrates that we are not winning friends and allies with the expenditure of moneys in their behalf. The collective defense program has already failed in two important instances. In Korea our allies left us practically alone in defending that country, and when the chips were down in Indochina, there were no volunteers from our allies to aid in holding that area. There is mounting evidence that should a showdown come in Europe between the Communists and the free world, most of our important allies will remain neutral rather than take up arms against the foe.

In Indochina we will be lucky if we retrieve 10 percent of the military supplies that we have given to the forces fighting the Communists. We are simply not winning with our program of giving to our allies. At home we are carrying almost intolerable burdens to rearm ourselves and provide for the defense of the nations who are allied with us. It is about time we took stock; it is about time we should make "that agonizing reappraisal" that Secretary Dulles has spoken of.

There are many items in the present bill that I can support, but there are many others that I believe are indefensible in view of our present economic situation. I could elaborate at great length on my reasons for voting against this measure. I could describe the situation as I found it in Europe in a 3-months' visit last year. The rosy promises for NATO are not being fulfilled. The trend is all the other way. In Asia we have been fighting nothing but rearguard actions ever since the infamous Yalta agreement. As a protest, Mr. President, against the utter waste of our taxpayers' money I felt compelled to vote against this bill.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, its reading clerk, announced that the House had passed, without amendment, the following bills and joint resolutions of the Senate:

S. 1244. An act relating to the renewal of star-route and screen vehicle service contracts;

S. 2027. An act authorizing the Secretary of the interior to issue quitclaim deeds to the States for certain lands;

S. 2389. An act to amend the act of December 3, 1942;

S. 2453. An act to amend the Communications Act of 1934, as amended, with respect to implementing the International Convention for the Safety of Life at Sea relating to radio equipment and radio operators on board ship;

S. 2864. An act to approve an amendatory repayment contract negotiated with the North Unit irrigation district, to authorize construction of Haystack Reservoir on the Deschutes Federal reclamation project, and for other purposes;

S. 3464. An act to amend the Communications Act of 1934 in order to make certain provision for the carrying out of the Agreement for the Promotion of Safety on the Great Lakes by Means of Radio;

S. 3681. An act to authorize the Civil Service Commission to make available group life insurance for civilian officers and employees in the Federal service, and for other purposes;

S. 3697. An act to amend the act of April 6, 1937, as amended, to include cooperation with the Governments of Canada or Mexico or local Canadian or Mexican authorities for the control of incipient or emergency outbreaks of insect pests or plant diseases;

S. 3699. An act granting the consent of Congress to a compact entered into by the States of Louisiana and Texas and relating to the waters of the Sabine River;

S. J. Res. 67. Joint resolution to repeal certain World War II laws relating to return of fishing vessels, and for other purposes; and

S. J. Res. 149. Joint resolution designating the month of September 1955 as John Marshall Bicentennial Month, and creating a commission to supervise and direct the observance of such month.

The message also announced that the House had agreed to the amendments of the Senate to the amendments of the House numbered 1 and 3 to the bill (S. 3137) to make the provisions of the act of August 28, 1937, relating to the conservation of water resources in the arid and semiarid areas of the United States, applicable to the entire United States, and to increase and revise the limitation on aid available under the provisions of the said Act, and for other purposes.

The message further announced that the House had insisted upon its amendments to the bill (S. 3546) to provide an immediate program for the modernization and improvement of such merchant-type vessels in the reserve fleet as are necessary for national defense, disagreed to by the Senate; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. TOLLEFSON, Mr. ALLEN of California, Mr. RAY, Mr. BONNER, and Mr. SHELLEY were appointed managers on the part of the House at the conference.

The message also announced that the House had passed a bill (H. R. 6310) to amend the Civil Aeronautics Act of 1938 to exempt operations in the transportation of livestock, fish, and agricultural, floricultural, and horticultural commodities from the act and from regulation by the Civil Aeronautics Board thereunder, in which it requested the concurrence of the Senate.

ENROLLED BILLS SIGNED

The message further announced that the Speaker had affixed his signature to the enrolled bill (S. 3344) to amend the mineral leasing laws and the mining laws to provide for multiple mineral development of the same tracts of the public lands, and for other purposes, and it was signed by the Vice President.

ENROLLED BILLS PRESENTED

The Secretary of the Senate reported that on today, August 3, 1954, he presented to the President of the United States the following enrolled bills:

S. 3344. An act to amend the mineral leasing laws and the mining laws to provide for multiple mineral development of the same tracts of the public lands, and for other purposes; and

S. 3683. An act to amend the District of Columbia Credit Unions Act.

HOUSE BILLS REFERRED OR PLACED ON CALENDAR

The following bills were each read twice by their titles, and referred, or placed on the calendar, as indicated:

H. R. 6310. An act to amend the Civil Aeronautics Act of 1938 to exempt operations in the transportation of livestock, fish, and agricultural, floricultural, and horticultural commodities from the act and from regulation by the Civil Aeronautics Board thereunder; to the Committee on Interstate and Foreign Commerce.

H. R. 9712. An act granting the consent of Congress to certain New England States to enter into a compact relating to higher education in the New England States and establishing the New England Board of Higher Education; placed on the calendar.

COMPENSATION OF CERTAIN PERSONS WHOSE LANDS HAVE BEEN DAMAGED BY FLUCTUATIONS IN LEVEL OF LAKE OF THE WOODS, MINN.—CONFERENCE REPORT

Mr. MARTIN. Mr. President, on behalf of the Senator from Connecticut [Mr. BUSH], I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 2098) to provide for determining the compensation of certain persons whose lands have been flooded and damaged by reason of fluctuations in the water level of the Lake of the Woods, Minn. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 2098) to provide for determining the compensation of certain persons whose lands have been flooded and damaged by reason of fluctuations in the water level of the Lake of the Woods, Minn., having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued August 5, 1954
For actions of August 4, 1954
83rd-2nd, No. 149

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HIGHLIGHTS: Senate debated farm program bill. Senate passed supplemental appropriation bill. House passed emergency farm loans bill. Sen. Dirksen introduced bill on sale of CCC feed grains. President approved watershed bill.

SENATE

1. FARM PROGRAM. Began debate on S. 3052, the farm program bill (pp. 12643, 12653-717), but took no action on amendments.
2. SUPPLEMENTAL APPROPRIATION BILL, 1955. Passed with amendments this bill, H. R. 9936 (pp. 12644-50). Senate conferees were appointed (p. 12650).
3. FORESTRY. The Government Operations Committee reported with amendment S. 3773, to authorize reciprocal fire-protection agreements between Government departments and agencies and public or private organizations engaged in fire-fighting activities (S. Rept. 2211)(p. 12641).
4. EDUCATION. The Interior and Insular Affairs Committee reported without amendment H. R. 1797, to provide for conveyance by the Interior Department of a tract of land to the Okla. A&M College (S. Rept. 2216)(p. 12641).
5. RECLAMATION. This Committee reported without amendment H. R. 8520, to include the Ainsworth, Lavaca Flats, Mirage Flats Extension, and O'Neill irrigation developments in the Missouri Basin project (S. Rept. 2212)(p. 12641).

6. PERSONNEL. Sen. Johnston claimed civil-service positions are being filled on the basis of political affiliations (pp. 12656-7).
7. STOCKPILING. The Judiciary Committee reported (Aug. 2) with amendment S. 3585, to amend the Strategic and Critical Materials Stockpiling Act so as to provide "that any gem diamonds constituting a part of the stockpile may be exchanged for industrial diamonds of a like value" (S. Rept. 2195). The committee report explains that a firm has offered to make such an exchange and has agreed to purchase wheat of the same value from the proceeds of its sale of the gem stones acquired by the exchange.

HOUSE

8. FARM LOANS. Passed as reported S. 3245, to authorize the Secretary to use \$15,000,000 of the Disaster Loan Revolving Fund for emergency loans to farmers and stockmen until June 30, 1955 (pp. 12616-7). Rep. Whitten criticized the administration's farm program (pp. 12616-7).
9. FOREIGN AID. House conferees were appointed on H. R. 9678, the mutual security authorization bill (p. 12560). Senate conferees have been appointed.
10. FAMILY-SIZE FARMS. Rep. Patman recommended that Government programs be directed toward helping family-size farms and inserted a table showing the number of farms in the Nation from 1920 forward by size of farms (pp. 12632-7).
11. RECLAMATION. The Interior and Insular Affairs Committee reported with amendment S. 118, to authorize the Washita River Basin project, Okla. (H. Rept. 2621) (p. 12638).
12. PERSONNEL. The Judiciary Committee reported with amendment S. 2308, to authorize and direct the investigation by the Attorney General of certain offenses (H. Rept. 2622) (p. 12638).

COMMITTEE HEARINGS RELEASED BY GPO

13. MILITARY CONSTRUCTION APPROPRIATIONS, 1954, including discussion of financing through surplus commodities. S. Appropriations Committee.

BILLS APPROVED BY THE PRESIDENT

14. SOIL CONSERVATION. H. R. 6788, to authorize the Secretary of Agriculture to cooperate with States and local agencies in the planning and carrying out of works of improvement for soil conservation, and for other purposes. Public Law 566, 83rd Cong. (approved August 4, 1954).

The bill authorizes the Secretary of Agriculture to cooperate with and assist local organizations - including States, political organizations thereof, soil or water conservation districts, flood prevention or control district or combinations thereof, or other agencies having authority under State law to carry out, maintain and operate works of improvement - upon their request, to prepare and carry out plans in small watersheds for works of improvement for flood prevention or the agricultural phases of the conservation, development, utilization, and disposal of water. It repeals most of the Department's authority for watershed flood prevention work under the Flood Control Acts.



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WASHINGTON, WEDNESDAY, AUGUST 4, 1954

No. 149

House of Representatives

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D. D., offered the following prayer:

Almighty God, may this be a day when we shall accept wholeheartedly the God-appointed and God-revealed way of life and seek to walk in it faithfully and without fear.

Grant that we may never place the supreme emphasis upon material gains and temporal rewards but may every hour be hallowed by lofty aspirations and sincere endeavors to achieve that which is spiritual and eternal.

Inspire us with a greater longing to emulate and manifest in our daily character and conduct those spiritual realities and qualities which were always regnant in the life of our blessed Master.

Give us now some special token of Thy covenant love and may we live out each day in faith, in faithfulness, and in the fear of the Lord.

Hear us in Christ's name. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Carrell, one of its clerks, announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 3769. An act to amend section 709 of title 18, United States Code, so as to protect the name of the Federal Bureau of Investigation from commercial exploitation.

The message also announced that the Senate agrees to the amendment of the House to a bill of the Senate of the following title:

S. 2408. An act to amend the Merchant Marine Act, 1936, to provide a national defense reserve of tankers and to promote the construction of new tankers, and for other purposes.

The message also announced that the Senate had passed, with an amendment in which the concurrence of the House

is requested, a bill of the House of the following title:

H. R. 9678. An act to promote the security and foreign policy of the United States by furnishing assistance to friendly nations, and for other purposes.

The message also announced that the Senate insists upon its amendment to the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. WILEY, Mr. SMITH of New Jersey, Mr. HICKENLOOPER, Mr. GEORGE, and Mr. GREEN to be the conferees on the part of the Senate.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 9936. An act making supplemental appropriations for the fiscal year ending June 30, 1955, and for other purposes.

The message also announced that the Senate insists upon its amendments to the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. BRIDGES, Mr. FERGUSON, Mr. CORDON, Mr. SALTONSTALL, Mr. HAYDEN, Mr. RUSSELL, and Mr. MCCARRAN to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 2098) entitled "An act to provide for the compensation of certain persons whose lands have been flooded and damaged by reason of fluctuations in the water level of the Lake of the Woods."

The message also announced that the Vice President has appointed Mr. CARLSON and Mr. JOHNSTON of South Carolina members of the joint select committee on the part of the Senate, as provided for in the act of August 5, 1939, entitled "An act to provide for the disposition of certain records of the United States Government," for the disposition of executive papers referred to in the report of the Archivist of the United States numbered 55-4.

SPECIAL ORDER GRANTED

Mrs. ROGERS of Massachusetts asked and was given permission to address the House for 10 minutes today, following the legislative program and any special orders heretofore entered.

ONE HUNDRED AND SIXTY-ACRE LIMITATION OF FEDERAL RECLAMATION LAW

(Mr. HAGEN of California asked and was given permission to extend his remarks at this point.)

Mr. HAGEN of California. Mr. Speaker, I have this day introduced legislation dealing with the controversial subject of the 160-acre limitation of Federal reclamation law, and I would like to comment briefly on the legislation and the problem it relates to.

My proposal is almost identical with that contained in H. R. 9862 introduced July 12, 1954, by Congressman ENGLE, of California, the able ranking Democrat on the House Committee on Interior and Insular Affairs.

The rule presently obtaining with respect to eligibility to receive federally developed water is that those lands under single ownership in excess of 160 acres are ineligible to receive water unless the owner agrees to sell the same after a period of 10 years of service at a Government appraised price which will reflect no windfall increment attributable to Federal expenditure for water supplies. According to the discretion of the owner this rule operates either to deprive such excess lands of water or to require their sale after 10 years at a price which contains no Federal gratuity.

This rule has been justified on the reasonable assumption that there is a large measure of subsidy in a federally produced water supply and that only a limited amount of subsidy to any one individual is justifiable philosophically and politically. The large owner gets exactly the same amount of subsidy received by the smaller owner. This justification is augmented by the fact that in many projects the supply of water is limited and the acreage limitation is a

rule of rationing exclusive of other considerations.

My proposal would, through the activities of irrigation or other districts, give excess landowners a third choice, provided water was in abundant supply.

Excess lands could receive water without the necessity of the owner agreeing to dispose of them provided such owner was willing to pay a price which had been increased by the amount normally attributed to subsidy. It is as simple as that.

This solution will not satisfy those persons who believe that the present alternates of nondelivery of water or the signing of an agreement to dispose of lands will result in the breaking up of corporation type farms but is almost a complete answer to the complaining taxpayer and protects smaller owners in a situation of short supply. In this connection it should be pointed out that the acreage limitation has been whittled at by administrative ruling and it is not demonstrable that it has had a noticeable effect in breaking up large land holdings in those areas where Federal water is brought in to augment existing supplies for an existing agricultural economy. The rule which permits parceling out of ownerships among members of the same family for the obvious purpose of permitting an actual eligibility of excess lands is a mere subterfuge. The same comment can be made with respect to rulings which authorize waiver of the requirements in the case of lump-sum payments when those payments do not return the total value of the works constructed.

My concern is not with the excess landowners and their economic problems. I am concerned about those aspects of the restriction which create problems for water districts which in the main serve nonexcess holdings and are eager to eliminate those aspects of controversy which endanger water development without abandoning any worthwhile principal. Problems do exist for such districts and part of the answer to them may lie in a change of the Federal statute.

For example water use is as dependent on water systems as it is on water supply. In many instances the proper delivery of Federal water requires the erection of a distribution system. In those districts wherein parcels eligible under the restriction are scattered by excess parcels the costs of necessary lateral canals can be paid feasibly only if excess lands share in such cost and it is inequitable and possibly illegal to charge those lands for facilities from which they cannot receive water. The proposal contained in my bill would cover some of these situations.

In my opinion sober thought should be given to my proposal and that of Congressman ENGLISH as the maximum Federal concession, a concession which would not radically violate the homestead concept of Federal water availability but would provide an element of flexibility which would be of material value to water districts in administering the Federal law. At the same time districts should be instructed to secure

changes in State laws which interfere with their discretion in assessing for the various categories of costs inherent in Federal reclamation programs. The simple fact is that there has been too much rancor and not enough common sense exhibited by persons concerned with this problem in the past.

It is my intention to ask the House Committee on Interior and Insular Affairs to investigate this problem by hearings at the grassroots level before the new Congress assembles in January of 1955.

MUTUAL SECURITY ACT OF 1954

Mr. VORYS. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 9678) to promote the security and foreign policy of the United States by furnishing assistance to friendly nations, and for other purposes, with an amendment of the Senate thereto disagree to the Senate amendment and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Ohio [Mr. Vorys]? [After a pause.] The Chair hears none and appoints the following conferees: MESSRS. CHIPERFIELD, VORYS, JUDD, GORDON, and BATTLE.

IMPORT DUTY ON WOOD DOWELS

Mr. REED of New York. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 2763) to amend the Tariff Act of 1930, so as to modify the duty on the importation of wood dowels, and for other purposes, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 2, after line 19, insert:

"Sec. 6. Paragraph 1615 (a) of the Tariff Act of 1930 is amended by inserting before the period at the end thereof a semicolon and the following: 'and articles, previously imported, with respect to which the duty was paid upon such previous importation, if (1) reimported, without having been advanced in value or improved in condition by any process of manufacture or other means, after having been exported under lease to a foreign manufacturer, and (2) reimported by or for the account of the person who imported them into, and exported them from, the United States.'"

Page 2, after line 19, insert:

"Sec. 6. The amendment made by this act shall be effective as to articles entered for consumption or withdrawn from warehouse for consumption on or after the date of enactment of this act."

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. REED]?

There was no objection.

The Senate amendments were concurred in, and a motion to reconsider was laid on the table.

Mr. REED of New York. Mr. Speaker, I ask unanimous consent to insert in the RECORD at this point an explanation of the bill and the amendments, and also that that privilege be extended to the gentleman from Tennessee [Mr. COOPER].

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. REED of New York. Mr. Speaker, the Senate amendment concerns the duty status of articles which are imported into this country, subsequently exported under lease to a foreign manufacturer and then reimported into the United States. The amendment provides for duty-free reimportation in such cases if after their export the articles are not advanced in value or improved in condition by any process of manufacture or other means and if they are reimported by or for the account of the same person who imported them into, and exported them from, the United States.

[Mr. COOPER addressed the House. His remarks will appear hereafter in the Appendix.]

PARLIAMENTARY INQUIRY

Mr. GROSS. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. GROSS. On what bill were conferees appointed a moment ago?

The SPEAKER. Conferees were appointed on the so-called foreign-aid bill.

Mr. GROSS. Mr. Speaker, I had a motion to instruct the conferees. The request was made, but I do not think anyone knew the request was being made.

The SPEAKER. The Chair knew that the request was being made.

Mr. GROSS. The gentleman from Iowa did not know that the request was being made.

The SPEAKER. The Chair asked very audibly if there was any objection to sending the bill to conference. No one objected, and the Chair appointed the conferees accordingly.

FILING OF CONFERENCE REPORT ON H. R. 9678

Mr. VORYS. Mr. Speaker, I ask unanimous consent that the conferees may have until midnight tonight to file a conference report on the bill H. R. 9678.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

AMENDING FOREIGN SERVICE ACT OF 1946

The SPEAKER. The unfinished business is the question on suspending the rules and passing the bill (H. R. 9910) to amend section 413 (b) of the Foreign Service Act of 1946.

The Clerk read the title of the bill.

The SPEAKER. For what purpose does the gentleman from New York rise?

Mr. ROONEY. Mr. Speaker, may I say that as a result of a conversation with Gen. Walter Bedell Smith, Under Secretary of State, this morning, I have decided to withdraw my objection to this bill and shall vote for it.

Aug. 5, 1954

15. COMMITTEE ASSIGNMENTS. Mrs. Farrington, the new Delegate from Hawaii, was elected to the Agriculture Committee and the Interior and Insular Affairs Committee (p. 12827).
16. FARM LABOR. The Judiciary Committee ordered reported S. 2862, to provide relief for the sheep-raising industry by making special nonquota immigration visas available to certain skilled alien sheepherders (p. D951).
17. PERSONNEL. Passed with amendments H. R. 7745, to amend the Hatch Act relating to political activities by Government employees (pp. 12818, 12834-5). The bill modifies the penalties and other provisions of the Act relating to employees of State or local agencies whose activities are financed in whole or in part by loans or grants from the Federal Government.
18. ATOMIC ENERGY. The House conferees were authorized to file a report on H. R. 9757, the atomic energy bill, during House recess (p. 12827).

HOUSE

20. FOREIGN AID; SURPLUS COMMODITIES. Received the conference report on H. R. 9678, the mutual security authorization bill (pp. 12840-54). The conferees agreed upon a total authorization of \$3,252,868,000, which is a reduction of \$314,040,000 from the House bill and an increase of the same amount over the Senate bill.

Section 402 of the House bill earmarked \$500,000,000 of the funds authorized for the purchase and export of surplus agricultural commodities, and the Senate bill specified \$350,000,000 for this purpose. The conferees agreed to the Senate figure. The House conferees stated as follows regarding this provision: "It is made clear that the agricultural commodities utilized under this section are to be sold for foreign currencies rather than supplied on a grant basis. Language is included providing that prices at which commodities are sold will not unduly disrupt world prices and that private channels of trade will be utilized to the maximum extent practicable. It is provided that the foreign currencies obtained under this provision will be spent to promote the objectives of this act, but with particular emphasis on the purposes expressed in section 104 of the Agricultural Trade and Development Act of 1954 which are in harmony with the purposes of the Mutual Security Act." The conferees agreed to terminate FOA on June 30, 1955, and to provide for the transfer of its remaining functions to other appropriate departments. The conferees agreed also to terminate the development assistance program on June 30, 1955, with a liquidation period of 1 year. They also agreed to authorize the Secretary of the Treasury to reserve, at the request of the State Department, foreign currencies owed to or owned by this country for sale to the State Department for use in the international education exchange program. The conference committee agreed to a provision requiring the technical assistance program to be carried out by the State Department after June 30, 1955, and they agreed to the Senate provision setting forth a comprehensive statement of purpose for carrying out the technical cooperation program.

21. ADJOURNED until Mon., Aug. 9 (p. 12855). Regarding next week's legislative program, Rep. Halleck stated: "The discharge petition on the postal pay bill ... will be called on Monday. For next week, barring some unforeseen contingency, so far as I know there is no legislative program for the House to work on except conference reports" and some D. C. bills. "Whether or not there will be a further call of the Private or Consent Calendars I do not know." (pp. 12814-5)

ITEMS IN APPENDIX

22. FARM LOANS. Speeches of Reps. Hope and McCormack discussing legislation for refinancing emergency loans and explaining provisions of S. 3245, to authorize the Secretary to use \$15,000,000 of the Disaster Loan Revolving Fund for emergency loans to farmers and stockmen until June 30, 1955 (pp. A5811, A5815, A5822).
23. TOBACCO. Rep. Watts inserted an address delivered by Mr. Randolph S. Taylor. (Burley and Dark Leaf Tobacco Export Association) to the Agricultural Council of Kentucky, giving an analysis of the present agricultural situation and its relation to the tobacco program, and urging that farmers work together constructively and with an "understanding working relationship with Members of Congress" (pp. A5794-6).
24. FOREIGN AID. Sen. Lennon inserted a Charlotte (N. C.) Observer editorial, "How Long Do We Play Santa Claus?" urging that economic aid to foreign countries be stopped entirely, with a few possible exceptions (pp. A5800-1).
Speech of Rep. Smith, Wis., expressing the opinion that foreign aid is no bargain for Wisconsin taxpayers (pp. A5822-3).
25. PERSONNEL. Extension of remarks of Reps. Rooney and Moss, Jr., and insertion of two newspaper articles criticizing use of political patronage in filling civil service jobs (pp. A5801-2).
26. FARM PRICES. Extension of remarks of Rep. Bailey criticizing farm prices under the present administration (pp. A5805-6).
27. EMPLOYMENT. Rep. Eberharter inserted a summary by the Conference on Economic Progress entitled "Toward Full Employment and Full Production," containing the conclusion that total output is now at an annual rate of at least \$27 billion below full-production level and total unemployment is now equivalent to full-time unemployment of about 5 million (p. A5806).
28. TAXATION. Extension of remarks of Rep. Smith, Wis., setting forth a summary of provisions of the recently enacted tax revision law (pp. A5812-3).
Extension of remarks of Rep. Rhodes criticizing the Eisenhower program as "a plan to enrich the few at the expense of the many," and insertion of a Labor (railway labor organizations) editorial stating that the tax bill is the cornerstone of the President's legislative program (p. A5818).
29. RECLAMATION. Extension of remarks of Rep. Hays and insertion of a Cleveland Plain Dealer article criticizing the cost to the taxpayers of the Colorado River Storage Project (p. A5816).
Extension of remarks of Rep. Miller, Nebr., criticizing arguments being employed by opponents of reclamation projects, particularly the Colorado River Storage Project, and pointing out the benefits to be derived from the programs in question (pp. A5828-9).
30. ATOMIC ENERGY. Rep. Holifield inserted a Labor Daily article, "Safeguard in 'A' Bill Is Threatened," urging retention of the Senate amendments to the atomic energy bill (pp. A5817-8).
Sen. Butler inserted a Washington Post and Times Herald article, "Our Mixed-up Economy," discussing the concept of free enterprise as shown in the

MUTUAL SECURITY ACT OF 1954

AUGUST 5, 1954.—Ordered to be printed

Mr. CHIPERFIELD, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany H. R. 9678]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 9678) to promote the security and foreign policy of the United States by furnishing assistance to friendly nations, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *That this Act may be cited as the "Mutual Security Act of 1954"*.

TITLE I—MUTUAL DEFENSE ASSISTANCE

CHAPTER 1. MILITARY ASSISTANCE

SEC. 101. PURPOSE OF CHAPTER.—*The Congress of the United States reaffirms the policy of the United States to achieve international peace and security through the United Nations so that armed force shall not be used except in the common defense. The Congress hereby finds that the efforts of the United States and other nations to promote peace and security require additional measures of support based upon the principle of continuous and effective self-help and mutual aid. It is the purpose of this chapter to authorize measures in the common defense, including the furnishing of military assistance to friendly nations and international organizations in order to promote the foreign policy, security, and general welfare of the United States and to facilitate the effective participation of such nations in arrangements for individual and collective self-defense. In furnishing such military assistance, it remains the policy of the United States to continue to exert maximum efforts to achieve universal*

control of weapons of mass destruction and universal regulation and reduction of armaments, including armed forces, under adequate safeguards to protect complying nations against violation and evasion.

The Congress reaffirms its previous expressions favoring the creation by the free peoples of the Far East and the Pacific of a joint organization, consistent with the Charter of the United Nations, to establish a program of self-help and mutual cooperation designed to develop their economic and social well-being, to safeguard basic rights and liberties and to protect their security and independence.

The Congress hereby reiterates its opposition to the seating in the United Nations of the Communist China regime as the representative of China. In the event of the seating of representatives of the Chinese Communist regime in the Security Council or General Assembly of the United Nations, the President is requested to inform the Congress insofar as is compatible with the requirements of national security, of the implications of this action upon the foreign policy of the United States and our foreign relationships, including that created by membership in the United Nations, together with any recommendations which he may have with respect to the matter.

SEC. 102. GENERAL AUTHORITY.—Military assistance may be furnished under this chapter on a grant or loan basis and upon such other appropriate terms as may be agreed upon, by the procurement from any source and the transfer to eligible nations and international organizations of equipment, materials, and services or by the provision of any service, including the assignment or detail of members of the Armed Forces and other personnel of the Department of Defense solely to assist in an advisory capacity or to perform other duties of a noncombatant nature, including military training or advice.

SEC. 103. AUTHORIZATIONS.—(a) There is hereby authorized to be appropriated to the President, in addition to appropriations authorized by section 104, not to exceed \$1,270,000,000, to carry out the purpose of this chapter; and, in addition, unexpended balances of appropriations for military assistance under each paragraph of the Mutual Security Appropriation Act, 1954 (including the appropriation for mutual special weapons planning), are hereby authorized to be continued available for the purpose of this chapter and to be consolidated with the appropriation authorized by this subsection; all of which is hereby authorized to be continued available through June 30, 1955.

(b) Funds made available pursuant to subsection (a) of this section shall be available for the administrative and operating expenses of carrying out the purpose of this chapter including expenses incident to United States participation in international security organizations.

(c) Funds made available pursuant to subsection (a) of this section may be used for the procurement of equipment or materials outside the United States unless the President determines that such procurement will result in one or more of the following conditions:

(1) Adverse effects upon the economy of the United States, with special reference to any areas of labor surplus, or upon the industrial mobilization base, which outweigh the strategic and logistic advantages to the United States of procurement abroad;

(2) Production of such equipment or materials outside the United States under inadequate safeguards against sabotage or the release to potential enemies of information detrimental to the security of the United States;

(3) Unjustifiable cost in comparison with procurement in the United States, taking into account transportation costs for delivery overseas; and

(4) Delays in delivery incompatible with United States defense objectives.

SEC. 104. INFRASTRUCTURE.—(a) The President is authorized to make contributions to infrastructure programs of the North Atlantic Treaty Organization, in accordance with agreements already made between the member nations, out of funds made available pursuant to this section, or section 103, or chapter IX of the Supplemental Appropriation Act, 1953, of amounts totaling not more than \$780,000,000, less amounts already contributed for such purpose. There is hereby authorized to be appropriated to the President for such purpose, in installments prior to June 30, 1958, not to exceed \$321,000,000, to remain available until expended. Such contributions by the United States shall not exceed its proportionate share, as heretofore agreed upon, of the expenses of such programs.

(b) When the President determines that it is in the interest of the security of the United States to participate in programs for the acquisition or construction of facilities in foreign nations for collective defense other than programs of the North Atlantic Treaty Organization, he may use for such purpose funds made available under section 103 or local currencies made available under section 402 in amounts totaling not more than \$50,000,000.

(c) Notwithstanding section 501 of this Act, no funds other than those referred to in subsections (a) and (b) of this section may be expended for the purposes of this section. No funds shall be expended under this section for rental or purchase of land or for payment of taxes.

SEC. 105. CONDITIONS APPLICABLE TO MILITARY ASSISTANCE.—(a) Military assistance may be furnished under this chapter to any nation whose increased ability to defend itself the President shall have determined to be important to the security of the United States and which is otherwise eligible to receive such assistance. Equipment and materials furnished under this chapter shall be made available solely to maintain the internal security and legitimate self-defense of the recipient nation, or to permit it to participate in the defense of its area or in collective security arrangements and measures consistent with the Charter of the United Nations. The President shall be satisfied that such equipment and materials will not be used to undertake any act of aggression against any nation.

(b) In addition to the authority and limitations contained in the preceding subsection, the following provisions shall apply to particular areas:

(1) In order to promote an integrated defense of the North Atlantic area and to support concrete measures for political federation, military integration, and economic unification in Europe, equipment and materials of the value programmed for fiscal years 1954 and 1955 for nations signing the treaty constituting the European Defense Community shall, pending the coming into force of the treaty, be delivered only to such of these nations as have ratified the treaty, and have joined together in or are developing collective defense programs in a manner satisfactory to the United States as determined by the President.

(2) Military assistance furnished to any nation in the Near East, Africa, and South Asia to permit it to participate in the defense of its area shall be furnished only in accordance with plans and arrangements

which shall have been found by the President to require the recipient nation to take an important part therein.

(3) In furnishing military assistance in the Far East and the Pacific and in carrying out the provisions of section 121 of this Act, the President shall give the fullest assistance, as far as possible directly, to the free peoples in that area, including the Associated States of Cambodia, Laos, and Vietnam, in their creation of a joint organization, consistent with the Charter of the United Nations, to establish a program of self-help and mutual cooperation designed to develop their economic and social well-being, to safeguard basic rights and liberties, and to protect their security and independence.

(4) Military assistance may be furnished to the other American Republics only in accordance with defense plans which shall have been found by the President to require the recipient nation to participate in missions important to the defense of the Western Hemisphere.

(c) The Secretary of Defense shall insure that the value (as determined pursuant to section 545) of equipment, materials, and services heretofore furnished under military assistance programs authorized by Acts repealed by this Act or hereafter furnished pursuant to section 103 (a) to nations or organizations in each of the four areas named in this subsection shall not exceed the total of the funds heretofore made available for military assistance in that area pursuant to Acts repealed by this Act plus the amount herein specified for that area:

(1) In the European area (excluding Greece and Turkey), \$617,500,000.

(2) In the Near East (including Greece and Turkey), Africa, and South Asia, \$181,200,000.

(3) In the Far East and the Pacific, \$583,600,000.

(4) In the Western Hemisphere, \$13,000,000.

(d) Whenever the President determines it to be necessary for the purpose of this title, equipment, materials, and services of a value not to exceed 15 per centum of the sum of (1) that portion of the unexpended balances referred to in section 103 (a) which was available on June 30, 1954, to furnish assistance in any of the areas named in subsection (c) of this section, and (2) the amount specified in the applicable paragraph of subsection (c) of this section for additional assistance in such area, may be furnished in any other such area or areas, notwithstanding the limitations set forth in subsection (c) of this section. Funds heretofore obligated or programed or hereafter made available solely for the purpose of section 104 (pertaining to infrastructure) shall not be included in the total fixed for each such area. Funds heretofore appropriated for military assistance in a particular geographic area but transferred from such use under section 513 of the Mutual Security Act of 1951, as amended, or under section 408 (c) of the Mutual Defense Assistance Act, shall be included in the total for the area for the benefit of which such transfer was made, and not in the total for the area from which the transfer was made.

SEC. 106. SALE OF MILITARY EQUIPMENT, MATERIALS, AND SERVICES.—(a) The President may, in order to carry out the purpose of this chapter, sell or enter into contracts (without requirement for charge to any appropriation or contract authorization) for the procurement for sale of equipment, materials, or services to any nation or international organization: Provided, That prior to the transfer of any such equipment, materials, or services to any nation which has not signed an agreement under section 142 of this Act or joined with the United States in a regional collective defense arrangement, the President shall have received commitments

satisfactory to him that such equipment, materials, or services are required for and will be used by such nation solely to maintain its internal security, its legitimate self-defense, or to permit it to participate in the defense of the area of which it is a part, or in collective security arrangements and measures consistent with the Charter of the United Nations, and that it will not undertake any act of aggression against any other state.

(b) Whenever equipment or materials are sold from the stocks of or services are rendered by any United States Government agency to any nation or international organization as provided in subsection (a), such nation or international organization shall first make available the fair value, as determined by the President, of such equipment, materials, or services before delivery or, when the President determines it to be in the best interests of the United States, within sixty days thereafter or, as determined by the President, within a reasonable period not to exceed three years. The fair value for the purpose of this subsection shall not be less than the value as defined in subsection (h) of section 545: Provided, That with respect to excess equipment or materials the fair value may not be determined to be less than (i) the minimum value specified in that subsection plus the scrap value, or (ii) the market value, if ascertainable, whichever is the greater. Before a contract for new production is entered into, or rehabilitation work is undertaken, such nation or international organization shall (A) provide the United States with a dependable undertaking to pay the full amount of such contract or the cost of such rehabilitation which will assure the United States against any loss on the contract or rehabilitation work, and (B) shall make funds available in such amounts and at such times as may be necessary to meet the payments required by the contract or the rehabilitation work in advance of the time such payments are due, in addition to the estimated amount of any damages and costs that may accrue from the cancellation of such contract or rehabilitation work.

(c) Sections 105, 141, and 142 shall not apply with respect to assistance furnished under this section.

SEC. 107. WAIVERS OF LAW.—(a) The President may perform any of the functions authorized under this chapter without regard to (1) the provisions of title 10, United States Code, section 1262 (a), and title 34, United States Code, section 546 (e); and (2) such provisions as he may specify of the joint resolution of November 4, 1939 (54 Stat. 4), as amended.

(b) Notwithstanding the provisions of Revised Statutes 1222 (10 U. S. C. 576), personnel of the Department of Defense may be assigned or detailed to any civil office for the purpose of enabling the President to furnish assistance under this Act.

SEC. 108. TRANSFER OF MILITARY EQUIPMENT TO JAPAN.—In addition to any program of military assistance for which funds may be appropriated pursuant to this Act, the President is hereby authorized to transfer to the Government of Japan, until June 30, 1955, upon such terms and conditions as he may specify, and upon its request, United States military equipment and supplies programed for Japan to meet its internal security requirements for which Department of Defense appropriations were obligated prior to July 1, 1953. No appropriation shall be requested to replace the military equipment and supplies so transferred, and no funds heretofore or hereafter appropriated for the purpose of this chapter shall be available for reimbursement to any

United States Government agency on account of any transfer made pursuant to this section.

**CHAPTER 2—SOUTHEAST ASIA AND THE WESTERN PACIFIC, AND
DIRECT FORCES SUPPORT**

SEC. 121. SOUTHEAST ASIA AND THE WESTERN PACIFIC.—*There is hereby authorized to be appropriated to the President for the fiscal year 1955, to be made available on such terms and conditions, including transfer of funds, as he may specify, not to exceed \$700,000,000 for expenses necessary for the support of the forces of nations in the area of Southeast Asia, including the furnishing, as far as possible, of direct assistance to the Associated States of Cambodia, Laos, and Vietnam as well as to the forces of other free nations in the area including those of France located in such Associated States and for other expenditures to accomplish in Southeast Asia and the Western Pacific the policies and purposes declared in this Act. In addition, the unexpended balances of funds allocated from appropriations made pursuant to sections 304 and 540 of the Mutual Security Act of 1951, as amended, for the purpose of support of the forces of the Associated States of Cambodia, Laos, and Vietnam and the forces of France located in the Associated States, are hereby authorized to be continued available for the purpose of this section through June 30, 1955, and to be consolidated with the appropriation authorized by this section. Assistance under this section shall be made available subject to the provisions of sections 141 and 142, except that (1) in the case of assistance to the Associated States of Cambodia, Laos, and Vietnam, and (2) in the case of assistance (not to exceed in the aggregate 10 per centum of the amount appropriated pursuant to this section, excluding unexpended balances of prior appropriations) to other nations, the President may waive specific provisions of section 142 to the extent he may deem necessary in the national interest to carry out the purposes of this Act. The President or such officer as he may designate shall report each instance of such waiver to the Foreign Relations, Appropriations, and Armed Services Committees of the Senate and the Foreign Affairs, Appropriations, and Armed Services Committees of the House of Representatives within thirty days.*

It is the sense of the Congress that no part of the funds appropriated under this section shall be used on behalf of governments which are committed by treaty to maintain Communist rule over any defined territory of Asia.

SEC. 122. PRODUCTION FOR FORCES SUPPORT.—*There is hereby authorized to be appropriated to the President for the fiscal year 1955, to be made available on such terms and conditions, including transfer of funds, as he may specify, not to exceed \$35,000,000 for manufacture in the United Kingdom of military aircraft required by United Kingdom forces for the defense of the North Atlantic area. In addition, unexpended balances of appropriations made pursuant to section 102 of the Mutual Security Act of 1951, as amended, are hereby authorized to be continued available for their original purposes through June 30, 1955, and the unexpended balance of the appropriation made pursuant to the second clause of that section is authorized to be consolidated with the appropriation authorized by this section.*

SEC. 123. COMMON USE ITEMS.—*There is hereby authorized to be appropriated to the President for the fiscal year 1955 not to exceed*

\$60,000,000 for the provision of any common-use equipment, materials, commodities, or services which are to be used by military forces of nations receiving assistance under chapter 1 of this title. Programs authorized by this section shall be administered in accordance with the provisions of chapter 1 or chapter 3 of this title.

CHAPTER 3—DEFENSE SUPPORT

SEC. 131. GENERAL AUTHORITY.—(a) The President is hereby authorized to furnish, to nations and organizations eligible to receive military assistance under chapter 1 of this title, or to nations which have joined with the United States in a regional collective defense arrangement, commodities, services, and financial and other assistance designed to sustain and increase military effort. In furnishing such assistance, the President may provide for the procurement and transfer from any source of any commodity or service (including processing, storing, transporting, marine insurance, and repairing) or any technical information and assistance.

(b) There is hereby authorized to be appropriated to the President for the fiscal year 1955 to carry out the provisions of this section, not to exceed—

(1) \$46,000,000 for Europe (excluding Greece and Turkey);

(2) \$73,000,000 for the Near East (including Greece and Turkey), Africa, and South Asia; and

(3) \$80,098,195 for the Far East and the Pacific.

In addition, unexpended balances of appropriations heretofore made pursuant to section 541 of the Mutual Security Act of 1951, as amended, are hereby authorized to be continued available for the purpose of this subsection through June 30, 1955, and to be consolidated with the appropriation authorized for the same area by this subsection: Provided, That portions of such unexpended balances which have been allocated to assistance for Greece and Turkey shall be consolidated with the appropriation authorized by paragraph (2) of this subsection.

SEC. 132. KOREAN PROGRAM.—(a) There is hereby authorized to be appropriated to the President for the fiscal year 1955 not to exceed \$205,000,000 to be expended, upon terms and conditions specified by the President, for defense support, relief and rehabilitation, and other necessary assistance (including payment of ocean freight charges on shipments for relief and rehabilitation, without regard to section 409 of this Act) in those parts of Korea which the President shall have determined to be not under Communist control. In addition, unexpended balances of funds heretofore allocated for the purpose of relief and rehabilitation in Korea pursuant to the paragraph entitled "Relief and Rehabilitation in Korea", chapter VII, Supplemental Appropriation Act, 1954, and unobligated balances of the appropriation for "Civilian Relief in Korea", title III, Department of Defense Appropriation Act, 1954, are hereby authorized to be continued available for the purposes of this subsection through June 30, 1955, and to be consolidated with the appropriation authorized by this subsection.

(b) (1) Notwithstanding the provisions of any other law, the President is authorized, at any time prior to twenty-four months from the date of enactment of this Act, to transfer to the Republic of Korea, by sale or charter and on such terms and conditions as he may specify, not more than eight C1-M-AV1 vessels. Any agency of the United States Government owning or operating such vessels is authorized to make such

vessels available for the purpose of this subsection: *Provided, That if after investigation it is determined by the President that there are privately owned C1-M-AV1 vessels offered and available for sale by American citizens as defined in section 2 of the Shipping Act, 1916, as amended, at prices equal to or less than those provided for in subsection (b) (2) below, such vessels shall be acquired by an owning or operating agency designated by the President for the purpose of this subsection. Funds made available pursuant to subsection (a) of this section shall be available for the purpose of this subsection.*

(2) *Such transfers shall be made at prices determined under section 3 of the Merchant Ship Sales Act of 1946 (50 U. S. C., App. 1736): Provided, That such vessels shall be placed in class in accordance with minimum requirements of the American Bureau of Shipping by the owning or operating agency, and the expense of placing in class shall be reimbursed to such agency.*

(c) *There is hereby authorized to be appropriated for the fiscal year 1955 not to exceed \$3,452,615 for making contributions to the United Nations Korean Reconstruction Agency or expenditure through such other agency for relief and rehabilitation in Korea as the President may direct. In addition, the unexpended balance of the appropriation made pursuant to the last sentence of section 303 (a) of the Mutual Security Act of 1951, as amended, is hereby authorized to be continued available for the purpose of this subsection through June 30, 1955, and to be consolidated with the appropriation authorized by this subsection. Sections 141 and 142 of this Act shall not apply with respect to assistance furnished under this subsection.*

(d) *To the extent necessary to accomplish the purposes of this section (1) assistance may be furnished under this section without regard to the other provisions of this title and (2) the authority provided in section 307 may be exercised in furnishing assistance under subsection (a) of this section.*

CHAPTER 4—GENERAL PROVISIONS RELATING TO MUTUAL DEFENSE ASSISTANCE

SEC. 141. CONDITIONS OF ELIGIBILITY FOR ASSISTANCE.—*No assistance shall be furnished under this title to any nation or organization unless the President shall have found that furnishing such assistance will strengthen the security of the United States and promote world peace. No such assistance shall be furnished to a nation unless it shall have agreed to the provisions required by section 142, and such additional provisions as the President deems necessary to effectuate the policies and provisions of this title and to safeguard the interests of the United States.*

SEC. 142. AGREEMENTS.—*No assistance shall be furnished to any nation under this title unless such nation shall have agreed to—*

(1) *join in promoting international understanding and good will, and maintaining world peace;*

(2) *take such action as may be mutually agreed upon to eliminate causes of international tension;*

(3) *fulfill the military obligations, if any, which it has assumed under multilateral or bilateral agreements or treaties to which the United States is a party;*

(4) *make, consistent with its political and economic stability, the full contribution permitted by its manpower, resources, facilities, and general economic condition to the development and maintenance*

of its own defensive strength and the defensive strength of the free world;

(5) take all reasonable measures which may be needed to develop its defense capacities;

(6) take appropriate steps to insure the effective utilization of the assistance furnished under this title in furtherance of the policies and purposes of this title;

(7) impose appropriate restrictions against transfer of title to or possession of any equipment and materials, information, or services furnished under chapter 1 of this title, without the consent of the President;

(8) maintain the security of any article, service, or information furnished under chapter 1 of this title;

(9) furnish equipment and materials, services, or other assistance consistent with the Charter of the United Nations, to the United States or to and among other nations to further the policies and purpose of chapter 1 of this title;

(10) permit continuous observation and review by United States representatives of programs of assistance authorized under this title, including the utilization of any such assistance, or provide the United States with full and complete information with respect to these matters, as the President may require; and

(11) in cases where any commodity is furnished on a grant basis under any provision of this Act other than chapter 1 of title I under arrangements which will result in the accrual of proceeds to the recipient nation from the import or sale thereof, establish a Special Account, and—

(i) deposit in the Special Account, under such terms and conditions as may be agreed upon, currency of the recipient nation in amounts equal to such proceeds;

(ii) make available to the United States such portion of the Special Account as may be determined by the President to be necessary for the requirements of the United States: Provided, That such portion shall not be less than 10 per centum in the case of any country to which such minimum requirement has been applicable under any Act repealed by this Act; and

(iii) utilize the remainder of the Special Account for programs agreed to by the United States to carry out the purposes for which new funds authorized by this Act would themselves be available.

Any unencumbered balances of funds which remain in the Account upon termination of assistance to such nation under this Act shall be disposed of for such purposes as may, subject to approval by Act or joint resolution of the Congress, be agreed to between such country and the Government of the United States.

TITLE II—DEVELOPMENT ASSISTANCE

SEC. 201. AUTHORIZATION.—(a) There is hereby authorized to be appropriated to the President for the fiscal year 1955, not to exceed—

(1) \$115,000,000 for assistance designed to promote the economic development of the Near East and Africa, and for other types of assistance designed to help maintain economic and political stability in the area;

(2) \$75,000,000 for assistance designed to promote the economic development of South Asia and to assist in maintaining economic and political stability in the area; and

(3) \$9,000,000 for assistance designed to promote economic development in the other American Republics and non-self-governing territories of the Western Hemisphere.

Such assistance may be furnished on such terms and conditions as the President may specify, except that 30 per centum of the funds appropriated pursuant to this subsection shall be available only for furnishing assistance on terms of repayment in accordance with section 505.

(b) In addition, unexpended balances of appropriations heretofore made pursuant to sections 206 and 302 (b) of the Mutual Security Act of 1951, as amended, and unexpended balances of funds allocated to the emergency economic aid program for Bolivia are hereby authorized to be continued available for the purposes of this section through June 30, 1955, and to be consolidated with the appropriations authorized by paragraphs (1), (2), and (3) of subsection (a) of this section, respectively.

SEC. 202. ADMINISTRATION.—Except as necessary to accomplish the purposes of section 201, programs of assistance authorized by that section shall be administered in accordance with sections 303 and 308 (relating to technical cooperation).

TITLE III—TECHNICAL COOPERATION

SEC. 301. DECLARATION OF PURPOSE.—It is the policy of the United States and the purpose of this title to aid the efforts of the peoples of economically underdeveloped areas to develop their resources and improve their working and living conditions by encouraging the exchange of technical knowledge and skills and the flow of investment capital to countries which provide conditions under which such technical assistance and capital can effectively and constructively contribute to raising standards of living, creating new sources of wealth, increasing productivity and expanding purchasing power.

SEC. 302. GENERAL AUTHORITY AND DEFINITION.—The President is authorized to furnish assistance in accordance with the provisions of this title through bilateral technical cooperation programs. As used in this title, the term "technical cooperation programs" means programs for the international interchange of technical knowledge and skills designed to contribute primarily to the balanced and integrated development of the economic resources and productive capacities of economically underdeveloped areas. Such activities shall be limited to economic, engineering, medical, educational, labor, agricultural, forestry, fishery, mineral, and fiscal surveys, demonstration, training, and similar projects that serve the purpose of promoting the development of economic resources, productive capacities, and trade of economically underdeveloped areas, and training in public administration. The term "technical cooperation programs" does not include such activities authorized by the United States Information and Educational Exchange Act of 1948 (62 Stat. 6) as are not primarily related to economic development, nor activities undertaken now or hereafter pursuant to the International Aviation Facilities Act (62 Stat. 450), nor activities undertaken now or hereafter in the administration of areas occupied by the United States Armed Forces.

SEC. 303. PREREQUISITES TO ASSISTANCE.—Assistance shall be made available under section 302 of this Act only where the President determines that the nation being assisted—

- (a) pays a fair share of the cost of the program;
- (b) provides all necessary information concerning such program and gives the program full publicity;
- (c) seeks to the maximum extent possible full coordination and integration of technical cooperation programs being carried on in that nation;
- (d) endeavors to make effective use of the results of the program; and
- (e) cooperates with other nations participating in the program in the mutual exchange of technical knowledge and skills.

SEC. 304. *AUTHORIZATION.*—There is hereby authorized to be appropriated to the President for the fiscal year 1955 \$88,570,000 for technical cooperation programs in the Near East, Africa, South Asia, and Far East and Pacific, and \$28,500,000 for such programs in Latin America. In addition, unexpended balances of appropriations heretofore made pursuant to section 543 of the Mutual Security Act of 1951, as amended, are authorized to be continued available for the purposes of this section through June 30, 1955, and to be consolidated with the appropriation authorized by this section.

SEC. 305. *LIMITATION ON USE OF FUNDS.*—Funds made available under section 304 may be expended to furnish assistance in the form of equipment or commodities only where necessary for instruction or demonstration purposes.

SEC. 306. *MULTILATERAL TECHNICAL COOPERATION.*—As one means of accomplishing the purposes of this title, the United States is authorized to participate in multilateral technical cooperation programs carried on by the United Nations, the Organization of American States, their related organizations, and other international organizations, wherever practicable. There is hereby authorized to be appropriated to carry out the purpose of this section, in addition to the amounts authorized by section 304, not to exceed—

(a) \$17,958,000 for making contributions to the United Nations Expanded Program of Technical Assistance;

(b) \$1,500,000 for making contributions to the technical cooperation program of the Organization of American States.

SEC. 307. *ADVANCES AND GRANTS; CONTRACTS.*—The President may make advances and grants-in-aid of technical cooperation programs to any person, corporation, or other body of persons or to any foreign government agency. The President may make and perform contracts and agreements in respect of technical cooperation programs on behalf of the United States Government with any person, corporation, or other body of persons however designated, whether within or without the United States, or with any foreign government or foreign government agency. A contract or agreement which entails commitments for the expenditure of funds appropriated pursuant to this title may, subject to any future action of the Congress, run for not to exceed three years.

SEC. 308. *INTERNATIONAL DEVELOPMENT ADVISORY BOARD.*—There shall be an advisory board, referred to in this section as the "Board", which shall advise and consult with the President, or such other officer as he may designate to administer this title, with respect to general or basic policy matters arising in connection with the operation of programs authorized by this title, title II, and section 413 (b). The Board shall consist of not more than thirteen members appointed by the President, one of whom, by and with the advice and consent of the Senate,

shall be appointed by him as chairman. The members of the Board shall be broadly representative of voluntary agencies and other groups interested in the programs, including business, labor, agriculture, public health, and education. All members of the Board shall be citizens of the United States; none except the chairman shall be an officer or an employee of the United States (including any United States Government agency) who as such regularly receives compensation for current services. Members of the Board, other than the chairman if he is an officer of the United States Government, shall receive out of funds made available for the purpose of this title a per diem allowance of \$50 for each day spent away from their homes or regular places of business for the purpose of attendance at meetings of the Board or at conferences held upon the call of the chairman, and in necessary travel, and while so engaged they may be paid actual travel expenses and not to exceed \$10 per diem in lieu of subsistence and other expenses.

TITLE IV—OTHER PROGRAMS

SEC. 401. SPECIAL FUND.—Of the funds made available under this Act, not to exceed \$150,000,000 may be used in any fiscal year, without regard to the requirements of this Act or any other Act for which funds are authorized by this Act, in furtherance of any of the purposes of such Acts, when the President determines that such use is important to the security of the United States. Not to exceed \$100,000,000 of the funds available under this section may be expended for any selected persons who are residing in or escapees from the Soviet Union, Poland, Czechoslovakia, Hungary, Rumania, Bulgaria, Albania, Lithuania, Latvia, and Estonia or the Communist-dominated or Communist-occupied areas of Germany and Austria, or any Communist-dominated or Communist-occupied areas of Asia and any other countries absorbed by the Soviet Union, either to form such persons into elements of the military forces supporting the North Atlantic Treaty Organization or for other purposes, when the President determines that such assistance will contribute to the defense of the North Atlantic area or to the security of the United States. Certification by the President that he has expended amounts under this section not in excess of \$50,000,000, and that it is inadvisable to specify the nature of such expenditures, shall be deemed a sufficient voucher for such amounts. Not more than \$20,000,000 of the funds available under this section may be allocated to any one nation in any fiscal year.

SEC. 402. EARMARKING OF FUNDS.—Of the funds authorized to be made available pursuant to this Act not less than \$350,000,000 shall be used to finance the export and sale for foreign currencies of surplus agricultural commodities or products thereof produced in the United States, in addition to surplus agricultural commodities or products transferred pursuant to the Agricultural Trade Development and Assistance Act of 1954, and in accordance with the standards as to pricing and the use of private trade channels expressed in section 101 of said Act. Foreign currency proceeds accruing from such sales shall be used for the purposes of this Act and with particular emphasis on the purposes of section 104 of the Agricultural Trade Development and Assistance Act of 1954 which are in harmony with the purposes of this Act. Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, the President may use or enter into agreements

with friendly nations or organizations of nations to use for such purposes the foreign currencies which accrue to the United States under this section.

SEC. 403. SPECIAL ASSISTANCE IN JOINT CONTROL AREAS.—The President is hereby authorized to furnish commodities, services, and financial and other assistance to nations and areas for which the United States has responsibility as a result of participation in joint control arrangements where found by the President to be in the interest of the security of the United States. There is hereby authorized to be appropriated to the President for the fiscal year 1955 not to exceed \$25,000,000 to carry out this section.

SEC. 404. RESPONSIBILITIES IN GERMANY.—Upon approval by the Secretary of State, a part of the German currency now or hereafter deposited under the bilateral agreement of December 15, 1949, between the United States and the Federal Republic of Germany (or any supplementary or succeeding agreement) shall be deposited in the GARIOA (Government and Relief in Occupied Areas) Special Account under the terms of article V of that agreement, and currency which has been or may be deposited in said account, and any portion of funds made available for assistance to the Federal Republic of Germany pursuant to section 403 of this Act, may be used for expenses necessary to meet the responsibilities or objectives of the United States in Germany, including responsibilities arising under the supreme authority assumed by the United States on June 5, 1945, and under contractual arrangements with the Federal Republic of Germany. Expenditures may be made under authority of this section in amounts and under conditions determined by the Secretary of State after consultation with the official primarily responsible for administration of programs under chapter 3 of title I, and without regard to any provision of law which the President determines must be disregarded in order to meet such responsibilities or objectives.

SEC. 405. MOVEMENT OF MIGRANTS AND REFUGEES.—(a) The President is hereby authorized to continue membership for the United States on the Intergovernmental Committee for European Migration in accordance with its constitution approved in Venice, Italy, on October 19, 1953. For the purpose of assisting in the movement of migrants, there is hereby authorized to be appropriated not to exceed \$11,189,190 for contributions during the calendar year 1955 to the Intergovernmental Committee for European Migration, and thereafter such amounts as may be necessary from time to time for the payment by the United States of its contributions to the Committee and all necessary salaries and expenses incident to United States participation in the Committee. In addition, the unexpended balance of the appropriation made pursuant to section 534 of the Mutual Security Act of 1951, as amended, is hereby authorized to be continued available for the purpose of this subsection through June 30, 1955, and to be consolidated with the appropriation authorized in this subsection.

(b) Of the funds made available under this Act, not more than \$800,000 may be used by the President to facilitate the migration to the other American Republics of persons resident in that portion of the Ryukyu Island Archipelago under United States control.

(c) There is hereby authorized to be appropriated for the fiscal year 1955 not to exceed \$500,000 for contributions to the United Nations Refugee Emergency Fund.

SEC. 406. CHILDREN'S WELFARE.—There is hereby authorized to be appropriated not to exceed \$13,500,000 for contributions during the fiscal year 1955 to the United Nations Children's Fund.

SEC. 407. PALESTINE REFUGEES IN THE NEAR EAST.—There is hereby authorized to be appropriated to the President for the fiscal year 1955, not to exceed \$30,000,000, to be used to make contributions to the United Nations Relief and Works Agency for Palestine Refugees in the Near East. In addition, the unexpended balance of the appropriation made for the Palestine refugee program in the Mutual Security Appropriation Act, 1954, is hereby authorized to be continued available for the purpose of this section through June 30, 1955. Whenever the President shall determine that it would more effectively contribute to the relief, rehabilitation, and resettlement of Palestine refugees in the Near East, he may expend any part of the funds made available pursuant to this section through any other agency he may designate.

SEC. 408. NORTH ATLANTIC TREATY ORGANIZATION.—(a) In order to provide for United States participation in the North Atlantic Treaty Organization, there is hereby authorized to be appropriated for the fiscal year 1955 not to exceed \$3,200,000 for payment by the United States of its share of the expenses of the Organization, and thereafter such amounts as may be necessary from time to time for the payment by the United States of its share of the expenses of the Organization and all necessary salaries and expenses of the United States permanent representative to the Organization, of such persons as may be appointed to represent the United States in the subsidiary bodies of the Organization or in any multilateral organization which participates in achieving the aims of the North Atlantic Treaty, and of their appropriate staffs, and the expenses of participation in meetings of such organizations, including salaries, expenses, and allowances of personnel and dependents as authorized by the Foreign Service Act of 1946, as amended (22 U. S. C. 801), and allowances and expenses as provided in section 6 of the Act of July 30, 1946 (22 U. S. C. 287r).

(b) The United States permanent representative to the North Atlantic Treaty Organization shall be appointed by the President by and with the advice and consent of the Senate and shall hold office at the pleasure of the President. Such representative shall have the rank and status of ambassador extraordinary and plenipotentiary and shall be a chief of mission, class 1, within the meaning of the Foreign Service Act of 1946, as amended (22 U. S. C. 801).

(c) Persons detailed to the international staff of the North Atlantic Treaty Organization in accordance with section 529 of this Act who are appointed as Foreign Service Reserve officers may serve for periods of more than four years notwithstanding the limitation in section 522 of the Foreign Service Act of 1946, as amended (22 U. S. C. 922).

SEC. 409. OCEAN FREIGHT CHARGES.—(a) In order to further the efficient use of United States voluntary contributions for relief and rehabilitation in nations and areas eligible for assistance under this Act, the President may pay ocean freight charges from United States ports to designated ports of entry of such nations and areas on shipments by United States voluntary nonprofit relief agencies registered with and approved by the Advisory Committee on Voluntary Foreign Aid and shipments by the American Red Cross.

(b) Where practicable the President shall make arrangements with the receiving nation for free entry of such shipments and for the making

available by that nation of local currencies for the purpose of defraying the transportation cost of such shipments from the port of entry of the receiving nation to the designated shipping point of the consignee.

(c) There is hereby authorized to be appropriated to the President for the fiscal year 1955 not to exceed \$4,400,000 to carry out the purposes of this section; and, in addition, unexpended balances of appropriations heretofore made pursuant to section 535 of the Mutual Security Act of 1951, as amended, are authorized to be continued available for the purposes of this section through June 30, 1955, and to be consolidated with the appropriation authorized in this section.

(d) In addition, any funds made available under this Act may be used, in amounts determined by the President, to pay ocean freight charges on shipments of surplus agricultural commodities, including commodities made available pursuant to any Act for the disposal abroad of United States agricultural surpluses.

SEC. 410. CONTROL ACT EXPENSES.—There is hereby authorized to be appropriated to the President for the fiscal year 1955 not to exceed \$1,300,000 for carrying out the objectives of the Mutual Defense Assistance Control Act of 1951 (22 U. S. C. 1611). In addition, in accordance with section 303 of that Act, funds made available for carrying out chapter 1 of title I of this Act shall be available for carrying out the purpose of this section in such amounts as the President may direct.

SEC. 411. ADMINISTRATIVE EXPENSES.—(a) Whenever possible, the expenses of administration of this Act shall be paid for in the currency of the nation where the expense is incurred.

(b) There is hereby authorized to be appropriated to the President for the fiscal year 1955 not to exceed \$34,700,000 for all necessary administrative expenses incident to carrying out the provisions of this Act other than chapter 1 of title I, including expenses for compensation, allowances and travel of personnel, including Foreign Service personnel whose services are utilized primarily for the purposes of this Act, and, without regard to the provisions of any other law, for printing and binding, and for expenditures outside the continental limits of the United States for the procurement of supplies and services and for other administrative purposes (other than compensation of personnel) without regard to such laws and regulations governing the obligation and expenditure of Government funds as may be necessary to accomplish the purposes of this Act.

SEC. 412. CHINESE AND KOREAN STUDENTS.—Funds heretofore allocated to the Secretary of State pursuant to the last proviso of section 202 of the China Area Aid Act of 1950 (22 U. S. C. 1547) shall continue to be available until expended, under such regulations as the Secretary of State may prescribe, using private agencies to the maximum extent practicable, for necessary expenses of tuition, subsistence, transportation, and emergency medical care for selected citizens of China and of Korea for studying or teaching in accredited colleges, universities, or other educational institutions in the United States approved by the Secretary of State for the purpose, or for research and related academic and technical activities in the United States, and such selected citizens of China who have been admitted for the purpose of study in the United States shall be granted permission to accept employment upon application filed with the Commissioner of Immigration and Naturalization pursuant to regulations promulgated by the Attorney General.

SEC. 413. ENCOURAGEMENT OF FREE ENTERPRISE AND PRIVATE PARTICIPATION.—(a) The Congress recognizes the vital role of free

enterprise in achieving rising levels of production and standards of living essential to the economic progress and defensive strength of the free world. Accordingly, it is declared to be the policy of the United States to encourage the efforts of other free nations to increase the flow of international trade, to foster private initiative and competition, to discourage monopolistic practices, to improve the technical efficiency of their industry, agriculture and commerce, and to strengthen free labor unions; and to encourage the contribution of United States enterprise toward the economic strength of other free nations, through private trade and investment abroad, private participation in the programs carried out under this Act (including the use of private trade channels to the maximum extent practicable in carrying out such programs), and exchange of ideas and technical information on the matters covered by this section.

(b) In order to encourage and facilitate participation by private enterprise to the maximum extent practicable in achieving any of the purposes of this Act, the President—

(1) shall make arrangements to find and draw the attention of private enterprise to opportunities for investment and development in other free nations;

(2) shall accelerate a program of negotiating treaties for commerce and trade, including tax treaties, which shall include provisions to encourage and facilitate the flow of private investment to nations participating in programs under this Act;

(3) shall, consistent with the security and best interests of the United States, seek compliance by other countries or a dependent area of any country with all treaties for commerce and trade and taxes and shall take all reasonable measures under this Act or other authority to secure compliance therewith and to assist United States citizens in obtaining just compensation for losses sustained by them or payments exacted from them as a result of measures taken or imposed by any country or dependent area thereof in violation of any such treaty; and

(4) may make, until June 30, 1957, under rules and regulations prescribed by him, guaranties to any person of investments in connection with projects, including expansion, modernization, or development of existing enterprises, in any nation with which the United States has agreed to institute the guaranty program: Provided, That—

(A) such projects shall be approved by the President as furthering any of the purposes of this Act, and by the nation concerned;

(B) the guaranty to any person shall be limited to assuring any or all of the following:

(i) the transfer into United States dollars of other currencies, or credits in such currencies, received by such person as earnings or profits from the approved project, as repayment or return of the investment therein, in whole or in part, or as compensation for the sale or disposition of all or any part thereof;

(ii) the compensation in United States dollars for loss of all or any part of the investment in the approved project which shall be found by the President to have been lost to

such person by reason of expropriation or confiscation by action of the government of a foreign nation;

(C) *when any payment is made to any person pursuant to a guaranty as hereinbefore described, the currency, credits, assets, or investment on account of which such payment is made shall become the property of the United States Government, and the United States Government shall be subrogated to any right, title, claim or cause of action existing in connection therewith;*

(D) *the guaranty to any person shall not exceed the amount of dollars invested in the project by such person with the approval of the President plus actual earnings or profits on said project to the extent provided by such guaranty, and shall be limited to a term not exceeding twenty years from the date of issuance;*

(E) *a fee shall be charged in an amount not exceeding 1 per centum per annum of the amount of each guaranty under clause (i) of subparagraph (B), and not exceeding 4 per centum per annum of the amount of each guaranty under clause (ii) of such subparagraph, and all fees collected hereunder shall be available for expenditure in discharge of liabilities under guaranties made under this section until such time as all such liabilities have been discharged or have expired, or until all such fees have been expended in accordance with the provisions of this section;*

(F) *the President is authorized to issue guaranties up to a total of \$200,000,000: Provided, That any funds allocated to a guaranty and remaining after all liability of the United States assumed in connection therewith has been released, discharged, or otherwise terminated, shall be available for allocation to other guaranties, the foregoing limitation notwithstanding. Any payments made to discharge liabilities under guaranties issued under this subsection shall be paid out of fees collected under subparagraph (E) as long as such fees are available, and thereafter shall be paid out of funds realized from the sale of notes which have been issued under authority of paragraph 111 (c) (2) of the Economic Cooperation Act of 1948, as amended, when necessary to discharge liabilities under any such guaranty;*

(G) *the guaranty program authorized by this paragraph shall be used to the maximum practicable extent and shall be administered under broad criteria so as to facilitate and increase the participation of private enterprise in achieving any of the purposes of this Act;*

(H) *as used in this paragraph—*

(i) *the term "person" means a citizen of the United States or any corporation, partnership, or other association created under the law of the United States or of any State or Territory and substantially beneficially owned by citizens of the United States, and*

(ii) *the term "investment" includes any contribution of capital goods, materials, equipment, services, patents, processes, or techniques by any person in the form of (1) a loan or loans to an approved project, (2) the purchase of a share of ownership in any such project, (3) participation in royalties, earnings, or profits of any such project,*

and (4) the furnishing of capital goods items and related services pursuant to a contract providing for payment in whole or in part after the end of the fiscal year in which the guaranty of such investment is made.

SEC. 414. MUNITIONS CONTROL.—(a) The President is authorized to control, in furtherance of world peace and the security and foreign policy of the United States, the export and import of arms, ammunition, and implements of war, including technical data relating thereto, other than by a United States Government agency. The President is authorized to designate those articles which shall be considered as arms, ammunition, and implements of war, including technical data relating thereto, for the purposes of this section.

(b) As prescribed in regulations issued under this section, every person who engages in the business of manufacturing, exporting, or importing any arms, ammunition, or implements of war, including technical data relating thereto, designated by the President under subsection (a) shall register with the United States Government agency charged with the administration of this section and, in addition, shall pay a registration fee which shall be prescribed by such regulations.

(c) Any person who willfully violates any provision of this section or any rule or regulation issued under this section, or who willfully, in a registration or license application, makes any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading, shall upon conviction be fined not more than \$25,000 or imprisoned not more than two years, or both.

SEC. 415. ASSISTANCE TO INTERNATIONAL ORGANIZATION.—Whenever it will assist in achieving purposes declared in this Act, the President is authorized to use funds available under sections 131 and 403 in order to furnish assistance, including by transfer of funds, directly to the North Atlantic Treaty Organization, for a strategic stockpile of foodstuffs and other supplies, or for other purposes.

SEC. 416. FACILITATION AND ENCOURAGEMENT OF TRAVEL.—The President, through such officer or commission as he may designate, shall facilitate and encourage, without cost to the United States except for administrative expenses, the promotion and development of travel by citizens of the United States to and within countries receiving assistance under this Act and travel by citizens of such countries to the United States.

SEC. 417. IRISH COUNTERPART.—Pursuant to section 115 (b) (6) of the Economic Cooperation Act of 1948, as amended, the disposition within Ireland of the unencumbered balance, in the amount of approximately 6,000,000 Irish pounds, of the special account of Irish funds established under article IV of the Economic Cooperation Agreement between the United States of America and Ireland, dated June 28, 1948, for the purposes of—

- (1) scholarship exchange between the United States and Ireland;
- (2) other programs and projects (including the establishment of an Agricultural Institute) to improve and develop the agricultural production and marketing potential of Ireland and to increase the production and efficiency of Irish industry; and

(3) development programs and projects in aid of the foregoing objectives,

is hereby approved, as provided in the agreement between the Government of the United States of America and the Government of Ireland, dated June 17, 1954.

TITLE V—MISCELLANEOUS PROVISIONS

CHAPTER 1. GENERAL PROVISIONS

SEC. 501. TRANSFERABILITY OF FUNDS.—Whenever the President determines it to be necessary for the purposes of this Act, not to exceed 10 per centum of the funds made available pursuant to any provision of this Act may be transferred to and consolidated with the funds made available pursuant to any other provision of this Act, and may be used for any of the purposes for which such funds may be used, except that the total in the provision for the benefit of which the transfer is made shall not be increased by more than 20 per centum of the amount made available for such provision pursuant to this Act. Funds transferred under this section to furnish military assistance under chapter 1 of title I may be expended without regard to the area limits imposed by section 105 (c). Of any funds transferred under this section for the purpose of furnishing assistance under section 201, 30 per centum shall be available only for furnishing assistance on terms of repayment in accordance with section 505.

SEC. 502. USE OF FOREIGN CURRENCY.—(a) Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, proceeds of sales made under section 550 of the Mutual Security Act of 1951, as amended, shall remain available and shall be used for any of the purposes of this Act, giving particular regard to the following purposes—

(1) for providing military assistance to nations or mutual defense organizations eligible to receive assistance under this Act;

(2) for purchase of goods or services in friendly nations;

(3) for loans, under applicable provisions of this Act, to increase production of goods or services, including strategic materials, needed in any nation with which an agreement was negotiated, or in other friendly nations, with the authority to use currencies received in repayment for the purposes stated in this section or for deposit to the general account of the Treasury of the United States;

(4) for developing new markets on a mutually beneficial basis;

(5) for grants-in-aid to increase production for domestic needs in friendly countries; and

(6) for purchasing materials for United States stockpiles.

(b) Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, local currencies owned by the United States shall be made available to appropriate committees of the Congress engaged in carrying out their duties under section 136 of the Legislative Reorganization Act of 1946, as amended, for their local currency expenses: Provided, That any such committee of the Congress which uses local currency shall make a full report thereof to the Committee on House Administration of the House of Representatives (if the committee using such currency is a committee of the House of Representatives) or to the Committee on Rules and Administration of the Senate (if the committee using such currency is a committee of the Senate), showing the total amount of such currency so used in each country and the purposes for which it was expended.

SEC. 503. TERMINATION OF ASSISTANCE.—(a) If the President determines that the furnishing of assistance to any nation under any provision of this Act—

(1) is no longer consistent with the national interest or security or the foreign policy of the United States; or

(2) would no longer contribute effectively to the purposes for which such assistance is furnished; or

(3) is no longer consistent with the obligations and responsibilities of the United States under the Charter of the United Nations, he shall terminate all or part of any assistance furnished pursuant to this Act. If the President determines that any nation which is receiving assistance under chapter 1 of title I of this Act is not making its full contribution to its own defense or to the defense of the area of which it is a part, he shall terminate all or part of such assistance. Assistance to any nation under any provision of this Act may, unless sooner terminated by the President, be terminated by concurrent resolution. Funds made available under this Act shall remain available for twelve months from the date of termination under this subsection for the necessary expenses of liquidating assistance programs.

(b) (1) After June 30, 1955, none of the authority conferred by this Act may be exercised for the purpose of carrying out any function authorized by title II; except that during the twelve months following such date (i) funds which have been obligated on or before that date shall remain available for expenditure, (ii) equipment, materials, commodities, and services with respect to which funds have been obligated on or before such date for procurement for, shipment to, or delivery in a recipient country may be transferred to such country, and (iii) funds appropriated under authority of this Act may be obligated (A) for the necessary expenses of procurement, shipment, delivery, and other activities essential to such transfer and (B) for the necessary expenses of liquidating operations incident to such functions.

(2) At such time as the President shall find appropriate, the powers, duties, and authority conferred by this Act with respect to such function may be transferred for the purpose of liquidation to such other United States Government agencies as the President shall specify, and the relevant funds, records, property, and personnel may be transferred to the agencies to which the related functions are transferred.

(c) Unless sooner abolished under section 525, the Foreign Operations Administration shall cease to exist at the close of June 30, 1955.

SEC. 504. SMALL BUSINESS.—(a) Insofar as practicable and to the maximum extent consistent with the accomplishment of the purposes of this Act, the President shall assist American small business to participate equitably in the furnishing of commodities and services financed with funds authorized under titles II, III, and IV, and chapters 2 and 3 of title I, of this Act—

(1) by causing to be made available to suppliers in the United States and particularly to small independent enterprises, information, as far in advance as possible, with respect to purchases proposed to be financed with such funds,

(2) by causing to be made available to prospective purchasers in the nations receiving assistance under this Act information as to commodities and services produced by small independent enterprises in the United States, and

(3) by providing for additional services to give small business better opportunities to participate in the furnishing of commodities and services financed with such funds.

(b) *There shall be an Office of Small Business, headed by a Special Assistant for Small Business, in such United States Government agency as the President may direct, to assist in carrying out the provisions of subsection (a) of this section.*

(c) *The Secretary of Defense shall assure that there is made available to suppliers in the United States, and particularly to small independent enterprises, information with respect to purchases made by the Department of Defense pursuant to chapter 1 of title I, such information to be furnished as far in advance as possible.*

SEC. 505. *LOAN ASSISTANCE.*—(a) *Assistance under this Act may be furnished on a grant basis or on such terms, including cash, credit, or other terms of repayment (including repayment in foreign currencies or by transfer to the United States of materials required for stockpiling or other purposes) as may be determined to be best suited to the achievement of the purposes of this Act.*

(b) *Of the funds made available pursuant to this Act and foreign currencies accruing to the United States under section 402, the equivalent of not less than \$200,000,000 shall be available only for the furnishing of assistance on terms of repayment. Funds for the purpose of furnishing assistance on terms of repayment shall be allocated to the Export-Import Bank of Washington, which shall, notwithstanding the provisions of the Export-Import Bank Act of 1945 (59 Stat. 526), as amended, make and administer the credit on such terms. Credits made by the Export-Import Bank of Washington with funds so allocated to it shall not be considered in determining whether the Bank has outstanding at any one time loans and guaranties to the extent of the limitation imposed by section 7 of the Export-Import Bank Act of 1945 (59 Stat. 529), as amended. Amounts received in repayment of principal and interest on any loan made under this section shall be held by the Treasury to be used for such purposes, including further loans, as may be authorized from time to time by Congress. Amounts received in repayment of principal and interest on any credits made under paragraph 111 (c) (2) of the Economic Cooperation Act of 1948, as amended, shall be deposited into miscellaneous receipts of the Treasury, except that, to the extent required for such purpose, amounts received in repayment of principal and interest on any credits made out of funds realized from the sale of notes heretofore authorized to be issued for the purpose of financing assistance on a credit basis under paragraph 111 (c) (2) of the Economic Cooperation Act of 1948, as amended, shall be deposited into the Treasury for the purpose of the retirement of such notes.*

SEC. 506. *PATENTS AND TECHNICAL INFORMATION.*—(a) *As used in this section—*

(1) *the term “invention” means an invention or discovery covered by a patent issued by the United States; and*

(2) *the term “information” means information originated by or peculiarly within the knowledge of the owner thereof and those in privity with him, which is not available to the public and is subject to protection as property under recognized legal principles.*

(b) *Whenever, in connection with the furnishing of any assistance in furtherance of the purposes of this Act—*

(1) *use within the United States, without authorization by the owner, shall be made of an invention; or*

(2) *damage to the owner shall result from the disclosure of information by reason of acts of the United States or its officers or employees,*

the exclusive remedy of the owner of such invention or information shall be by suit against the United States in the Court of Claims or in the District Court of the United States for the district in which such owner is a resident for reasonable and entire compensation for unauthorized use or disclosure. In any such suit the United States may avail itself of any and all defenses, general or special, that might be pleaded by any defendant in a like action.

(c) Before such suit against the United States has been instituted, the head of the appropriate United States Government agency, which has furnished any assistance in furtherance of the purposes of this Act, is authorized and empowered to enter into an agreement with the claimant, in full settlement and compromise of any claim against the United States hereunder.

(d) The provisions of the last sentence of section 1498 of title 28 of the United States Code shall apply to inventions and information covered by this section.

(e) Except as otherwise provided by law, no recovery shall be had for any infringement of a patent committed more than six years prior to the filing of the complaint or counterclaim for infringement in the action, except that the period between the date of receipt by the Government of a written claim under subsection (c) above for compensation for infringement of a patent and the date of mailing by the Government of a notice to the claimant that his claim has been denied shall not be counted as part of the six years, unless suit is brought before the last-mentioned date.

SEC. 507. AVAILABILITY OF FUNDS.—*Except as otherwise provided in sections 104 (pertaining to infrastructure), 405 (pertaining to movement of migrants), 408 (a) (pertaining to North Atlantic Treaty Organization), and 412 (pertaining to Chinese and Korean students), funds shall be available to carry out the provisions of this Act (other than sections 414 and 416) as authorized and appropriated to the President each fiscal year.*

SEC. 508. LIMITATION ON FUNDS FOR PROPAGANDA.—*None of the funds herein authorized to be appropriated nor any counterpart funds shall be used to pay for personal services or printing, or for other expenses of the dissemination within the United States of general propaganda in support of the mutual security program, or to pay the travel or other expenses outside the United States of any citizen or group of citizens of the United States for the purpose of publicizing such program within the United States.*

SEC. 509. SHIPPING ON UNITED STATES VESSELS.—*Such steps as may be necessary shall be taken to assure, as far as practicable, that at least 50 per centum of the gross tonnage of commodities, materials and equipment procured out of funds made available under sections 103, 123, 131, 132 (a), 201, 304, and 403 of this Act and transported to or from the United States on ocean vessels, computed separately for dry bulk carriers, dry cargo liner and tanker services and computed separately for section 103, and for sections 123, 131, 132 (a), 201, 304, and 403 (taken together) is so transported on United States flag commercial vessels to the extent such vessels are available at market rates for United States flag commercial vessels provided such rates are fair and reasonable; and, in the administration of this provision, steps shall be taken, insofar as practicable and consistent with the purposes of this Act, to secure a fair and reasonable participation by United States flag commercial vessels in cargoes by geographic area.*

SEC. 510. PURCHASE OF COMMODITIES.—No funds made available under title II or chapter 3 of title I of this Act shall be used for the purchase in bulk of any commodities at prices higher than the market price prevailing in the United States at the time of the purchase adjusted for differences in the cost of transportation to destination, quality, and terms of payment. A bulk purchase within the meaning of this section does not include the purchase of raw cotton in bales. Funds made available under title II or chapter 3 of title I of this Act may be used for the procurement of commodities outside the United States unless the President determines that such procurement will result in adverse effects upon the economy of the United States, with special reference to any areas of labor surplus, or upon the industrial mobilization base, which outweigh the economic advantages to the United States of less costly procurement abroad. In providing for the procurement of any surplus agricultural commodity for transfer by grant under this Act to any recipient nation in accordance with the requirements of such nation, the President shall, insofar as practicable and where in furtherance of the purposes of this Act, authorize the procurement of such surplus agricultural commodity only within the United States except to the extent that any such surplus agricultural commodity is not available in the United States in sufficient quantities to supply the requirements of the nations receiving assistance under this Act.

SEC. 511. RETENTION AND RETURN OF EQUIPMENT.—(a) No equipment or materials may be transferred under title I out of military stocks if the Secretary of Defense, after consultation with the Joint Chiefs of Staff, determines that such transfer would be detrimental to the national security of the United States, or that such equipment or materials are needed by the reserve components of the Armed Forces to meet their training requirements.

(b) Any equipment, materials, or commodities procured to carry out this Act shall be retained by, or, upon reimbursement, transferred to and for the use of, such United States Government agency as the President may determine in lieu of being disposed of to a foreign nation or international organization whenever in the judgment of the President the best interests of the United States will be served thereby, or whenever such retention is called for by concurrent resolution. Any commodities so retained may be disposed of without regard to provisions of law relating to the disposal of Government-owned property, when necessary to prevent spoilage or wastage of such commodities or to conserve the usefulness thereof. Funds realized from any such disposal or transfer shall revert to the respective appropriation or appropriations out of which funds were expended for the procurement of such equipment, materials, or commodities or to appropriations currently available for such procurement.

(c) The President shall make appropriate arrangements with each nation receiving equipment or materials under chapter 1 of title I (other than equipment or materials sold under the provisions of section 106) for the return to the United States (1) for salvage or scrap, or (2) for such other disposition as the President shall deem to be in the interest of mutual security, of any such equipment or materials which are no longer required for the purposes for which originally made available.

SEC. 512. PENAL PROVISION.—Whoever offers or gives to anyone who is or in the preceding two years has been an employee or officer of the United States any commission, payment, or gift, in connection with the procurement of equipment, materials, commodities, or services under this

Act in connection with which procurement said officer, employee, former officer or former employee is or was employed or performed duty or took any action during such employment, and whoever, being or having been an employee or officer of the United States in the preceding two years, solicits, accepts, or offers to accept any commission, payment, or gift in connection with the procurement of equipment, materials, commodities, or services under this Act in connection with which procurement said officer, employee, former officer or former employee is or was employed or performed duty or took any action during such employment, shall upon conviction thereof be subject to a fine of not to exceed \$10,000 or imprisonment for not to exceed three years, or both: *Provided*, That this section shall not apply to persons appointed pursuant to sections 308 or 530 (a) of this Act.

SEC. 513. NOTICE TO LEGISLATIVE COMMITTEES.—When any transfer is made under section 105 (d) or section 501, or any other action is taken under this Act which will result in furnishing assistance of a kind, for a purpose, or to an area, substantially different from that included in the presentation to the Congress during its consideration of this Act, or which will result in expenditures greater by 50 per centum or more than the proposed expenditures included in such presentation for the program concerned, the President or such officer as he may designate shall promptly notify the Committee on Foreign Relations of the Senate, the Committee on Foreign Affairs of the House of Representatives and, when military assistance is involved, the Committees on Armed Services of the Senate and House of Representatives, stating the justification for such change. Notice shall also be given to the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives of any determination under the first sentence of section 401 (except with respect to unvouchered funds), and copies of any certification as to loyalty under section 531 shall be filed with such committees.

SEC. 514. INTERNATIONAL EDUCATIONAL EXCHANGE ACTIVITIES.—Foreign currencies or credits owed to or owned by the United States, where arising from this Act or otherwise, shall, upon a request from the Secretary of State certifying that such funds are required for the purpose of international educational exchange activities under programs authorized by section 32 (b) (2) of the Surplus Property Act of 1944, as amended, be reserved by the Secretary of the Treasury for sale to the Department of State for such activities on the basis of the dollar value at the time of the reservation.

CHAPTER 2. ORGANIZATION AND ADMINISTRATION

SEC. 521. DELEGATION OF AUTHORITY BY THE PRESIDENT.—(a) Except as provided in subsection (b), the President may exercise any power or authority conferred on him by this Act through such agency or officer of the United States as he shall direct, and the head of such agency or such officer may from time to time promulgate such rules and regulations as may be necessary and proper to carry out functions under this Act and may delegate authority to perform any of such functions to his subordinates acting under his direction.

(b) After June 30, 1955, the President shall exercise the powers conferred upon him under title III of this Act through the Secretary of State.

SEC. 522. ALLOCATION AND REIMBURSEMENT AMONG AGENCIES.—

(a) *The President may allocate or transfer to any United States Government agency any part of any funds available for carrying out the purposes of this Act, including any advance to the United States by any nation or international organization for the procurement of equipment or materials or services. Such funds shall be available for obligation and expenditure for the purposes for which authorized, in accordance with authority granted in this Act or under authority governing the activities of the Government agencies to which such funds are allocated or transferred. Funds allocated to the Department of Defense shall be governed as to reimbursement by the procedures of subsection (c) of this section.*

(b) *Any officer of the United States performing functions under this Act may utilize the services and facilities of, or procure commodities from, any United States Government agency as the President shall direct, or with the consent of the head of such agency, and funds allocated pursuant to this subsection to any such agency may be established in separate appropriation accounts on the books of the Treasury.*

(c) *Reimbursement shall be made to any United States Government agency, from funds available to carry out chapter 1 of title I of this Act, for any assistance furnished under that chapter from, by, or through such agency. Such reimbursement shall be in an amount equal to the value (as defined in section 545) of the equipment and materials, services (other than salaries of members of the Armed Forces of the United States), or other assistance furnished, plus expenses arising from or incident to operations under that chapter. The amount of any such reimbursement shall be credited as reimbursable receipts to current applicable appropriations, funds, or accounts of such agency and shall be available for, and under the authority applicable to, the purposes for which such appropriations, funds, or accounts are authorized to be used, including the procurement of equipment and materials or services, required by such agency, in the same general category as those furnished by it or authorized to be procured by it and expenses arising from and incident to such procurement.*

(d) *In the case of any commodity, service, or facility procured from any United States Government agency under any provision of this Act other than chapter 1 of title I, reimbursement or payment shall be made to such agency from funds available to carry out such provision. Such reimbursement or payment shall be at replacement cost, or, if required by law, at actual cost, or at any other price authorized by law and agreed to by the owning or disposal agency. The amount of any such reimbursement or payment shall be credited to current applicable appropriations, funds, or accounts from which there may be procured replacements of similar commodities, services, or facilities, except that where such appropriations, funds, or accounts are not reimbursable except by reason of this subsection, and when the owning agency determines that such replacement is not necessary, any funds received in payment therefor shall be covered into the Treasury as miscellaneous receipts.*

(e) *In furnishing assistance under this Act and in making surplus agricultural commodities available under section 402 accounts may be established on the books of any United States Government agency or, on terms and conditions approved by the Secretary of the Treasury, in banking institutions in the United States, against which (i) letters of commitment may be issued which shall constitute obligations of the United States, and moneys due or to become due under such letters of commitment shall be assignable under the Assignment of Claims Act of 1940, as*

amended, and (ii) withdrawals may be made by recipient nations or agencies, organizations or persons upon presentation of contracts, invoices, or other appropriate documentation. Expenditure of funds which have been made available through accounts so established shall be accounted for on standard documentation required for expenditure of Government funds: *Provided*, That such expenditures for commodities or services procured outside the continental limits of the United States may be accounted for exclusively on such certification as may be prescribed in regulations approved by the Comptroller General of the United States.

SEC. 523. COORDINATION WITH FOREIGN POLICY.—(a) Nothing contained in this Act shall be construed to infringe upon the powers or functions of the Secretary of State.

(b) The President shall prescribe appropriate procedures to assure coordination among representatives of the United States Government in each country, under the leadership of the Chief of the United States Diplomatic Mission.

SEC. 524. THE SECRETARY OF DEFENSE.—(a) In the case of aid under chapter 1 of title I of this Act, the Secretary of Defense shall have primary responsibility for—

- (1) the determination of military end-item requirements;
- (2) the procurement of military equipment in a manner which permits its integration with service programs;
- (3) the supervision of end-item used by the recipient countries;
- (4) the supervision of the training of foreign military personnel;
- (5) the movement and delivery of military end-items; and
- (6) within the Department of Defense, the performance of any other functions with respect to the furnishing of military assistance.

(b) The establishment of priorities in the procurement, delivery, and allocation of military equipment shall be determined by the Secretary of Defense. The determination of the value of the program for any country under chapter 1 of title I shall be made by the President.

SEC. 525. FOREIGN OPERATIONS ADMINISTRATION.—Except as modified pursuant to this section or section 521, the Director of the Foreign Operations Administration (referred to in this chapter as the "Director") shall continue to perform the functions vested in him on the effective date of this Act, except insofar as such functions relate to continuous supervision and general direction of programs of military assistance. The President may transfer to any agency or officer of the United States, and may modify or abolish, any function, office, or entity of the Foreign Operations Administration or any officer or employee thereof, and may transfer such personnel, property, records, and funds as may be necessary incident thereto.

SEC. 526. MISSIONS AND STAFFS ABROAD.—The President may maintain special missions or staffs abroad in such nations and for such periods of time as may be necessary to carry out this Act. Each such special mission or staff shall be under the direction of a chief. The chief and his deputy shall be appointed by the President and may, notwithstanding any other law, be removed by the President at his discretion. The chief shall be entitled to receive (1) in cases approved by the President, the same compensation and allowances as a chief of mission, class 3, or a chief of mission, class 4, within the meaning of the Foreign Service Act of 1946 (22 U. S. C. 801), or (2) compensation and allowances in accordance with section 527 (c) of this Act, as the President shall determine to be appropriate.

SEC. 527. EMPLOYMENT OF PERSONNEL.—(a) Any United States Government agency performing functions under this Act is authorized to employ such personnel as the President deems necessary to carry out the provisions and purposes of this Act.

(b) Of the personnel employed in the United States on programs authorized by this Act, not to exceed sixty may be compensated without regard to the provisions of the Classification Act of 1949, as amended, of whom not to exceed thirty-five may be compensated at rates higher than those provided for grade 15 of the general schedule established by the Classification Act of 1949, as amended, and of these, not to exceed fifteen may be compensated at a rate in excess of the highest rate provided for grades of such general schedule but not in excess of \$15,000 per annum. Such positions shall be in addition to those authorized by law to be filled by Presidential appointment, and in addition to the number authorized by section 505 of the Classification Act of 1949, as amended.

(c) For the purpose of performing functions under this Act outside the continental limits of the United States, the Director may—

(1) employ or assign persons, or authorize the employment or assignment of officers or employees of other United States Government agencies, who shall receive compensation at any of the rates provided for the Foreign Service Reserve and Staff by the Foreign Service Act of 1946, as amended (22 U. S. C. 801), together with allowances and benefits established thereunder including, in all cases, post differentials prescribed under section 443 of the Foreign Service Act; and persons so employed or assigned shall be entitled to the same benefits as are provided by section 528 of the Foreign Service Act for persons appointed to the Foreign Service Reserve and, except for policy-making officials, the provisions of section 1005 of the Foreign Service Act shall apply in the case of such persons; and

(2) utilize such authority, including authority to appoint and assign personnel for the duration of operations under this Act, contained in the Foreign Service Act of 1946, as amended (22 U. S. C. 801), as the President deems necessary to carry out functions under this Act. Such provisions of the Foreign Service Act as the President deems appropriate shall apply to personnel appointed or assigned under this paragraph, including, in all cases, the provisions of sections 443 and 528 of that Act.

(d) For the purpose of performing functions under this Act outside the continental limits of the United States, the Secretary of State may, at the request of the Director, appoint for the duration of operations under this Act alien clerks and employees in accordance with applicable provisions of the Foreign Service Act of 1946, as amended (22 U. S. C. 801).

SEC. 528. DETAIL OF PERSONNEL TO FOREIGN GOVERNMENTS.—(a) Whenever the President determines it to be consistent with and in furtherance of the purposes of this Act, the head of any United States Government agency is authorized to detail or assign any officer or employee of his agency to any office or position to which no compensation is attached with any foreign government or foreign government agency: Provided, That such acceptance of office shall in no case involve the taking of an oath of allegiance to another government.

(b) Any such officer or employee, while so assigned or detailed, shall be considered, for the purpose of preserving his privileges, rights, seniority, or other benefits as such, an officer or employee of the Government of the United States and of the Government agency from which assigned or

detailed, and he shall continue to receive compensation, allowances, and benefits from funds available to that agency or made available to that agency out of funds authorized under this Act.

SEC. 529. DETAIL OF PERSONNEL TO INTERNATIONAL ORGANIZATIONS.—(a) *Whenever the President determines it to be consistent with and in furtherance of the purposes of this Act, the head of any United States Government agency is authorized to detail, assign, or otherwise make available to any international organization any officer or employee of his agency to serve with or as a member of the international staff of such organization, or to render any technical, scientific or professional advice or service to or in cooperation with such organization.*

(b) *Any such officer or employee, while so assigned or detailed, shall be considered, for the purpose of preserving his allowances, privileges, rights, seniority and other benefits as such, an officer or employee of the Government of the United States and of the Government agency from which detailed or assigned, and he shall continue to receive compensation, allowances, and benefits from funds available to that agency or made available to that agency out of funds authorized under this Act. He may also receive, under such regulations as the President may prescribe, representation allowances similar to those allowed under section 901 of the Foreign Service Act of 1946, as amended (22 U. S. C. 801). The authorization of such allowances and other benefits and the payment thereof out of any appropriations available therefor shall be considered as meeting all the requirements of section 1765 of the Revised Statutes.*

(c) *Details or assignments may be made under this section—*

(1) *without reimbursement to the United States by the international organization;*

(2) *upon agreement by the international organization to reimburse the United States for compensation, travel expenses, and allowances, or any part thereof, payable to such officer or employee during the period of assignment or detail in accordance with subsection (b) of this section; and such reimbursement shall be credited to the appropriation, fund, or account utilized for paying such compensation, travel expenses, or allowances, or to the appropriation, fund, or account currently available for such purposes;*

(3) *upon an advance of funds, property, or services to the United States accepted with the approval of the President for specified uses in furtherance of the purposes of this Act; and funds so advanced may be established as a separate fund in the Treasury of the United States, to be available for the specified uses, and to be used for reimbursement of appropriations or direct expenditure subject to the provisions of this Act, any unexpended balance of such account to be returned to the international organization; or*

(4) *subject to the receipt by the United States of a credit to be applied against the payment by the United States of its share of the expenses of the international organization to which the officer or employee is detailed, such credit to be based upon the compensation, travel expenses and allowances, or any part thereof, payable to such officer or employee during the period of assignment or detail in accordance with subsection (b) of this section.*

SEC. 530. EXPERTS AND CONSULTANTS OR ORGANIZATIONS THEREOF.—(a) *Experts and consultants or organizations thereof, as authorized by section 15 of the Act of August 2, 1946 (5 U. S. C. 55a), may be employed by any United States Government agency for the performance*

of functions under this Act, and individuals so employed may be compensated at rates not in excess of \$75 per diem, and while away from their homes or regular places of business, they may be paid actual travel expenses and per diem in lieu of subsistence and other expenses at a rate not to exceed \$10 while so employed within the continental limits of the United States and at the applicable rate prescribed in the Standardized Government Travel Regulations (Foreign Areas) while so employed outside the continental limits of the United States:

(b) Persons of outstanding experience and ability may be employed without compensation by any United States Government agency for the performance of functions under this Act in accordance with the provisions of section 710 (b) of the Defense Production Act of 1950, as amended (50 U. S. C. App. 2160), and regulations issued thereunder.

SEC. 531. SECURITY CLEARANCE.—No citizen or resident of the United States may be employed, or if already employed, may be assigned to duties by the Director under this Act for a period to exceed three months unless—

(a) such individual has been investigated as to loyalty and security by the Civil Service Commission, or by the Federal Bureau of Investigation in the case of specific positions which have been certified by the Director as being of a high degree of importance or sensitivity or in case the Civil Service Commission investigation develops data reflecting that the individual is of questionable loyalty, and a report thereon has been made to the Director, and until the Director has certified in writing (and filed copies thereof with the Senate Committee on Foreign Relations and the House Committee on Foreign Affairs) that, after full consideration of such report, he believes such individual is loyal to the United States, its Constitution, and form of government, and is not now and has never knowingly been a member of any organization advocating contrary views; or

(b) such individual has been investigated by a military intelligence agency and the Secretary of Defense has certified in writing that he believes such individual is loyal to the United States and filed copies thereof with the Senate Committee on Foreign Relations and the House Committee on Foreign Affairs.

This section shall not apply in the case of any officer appointed by the President by and with the advice and consent of the Senate, nor shall it apply in the case of any person already employed under programs covered by this Act who has been previously investigated in connection with such employment.

SEC. 532. EXEMPTION OF PERSONNEL FROM CERTAIN FEDERAL LAWS.—(a) Service of an individual as a member of the Board established pursuant to section 308 of this Act or as an expert or consultant under section 530 (a) shall not be considered as service or employment bringing such individual within the provisions of title 18, U. S. C., section 281, 283 or 284, or of section 190 of the Revised Statutes (5 U. S. C. 99), or of any other Federal law imposing restrictions, requirements, or penalties in relation to the employment of persons, the performance of services, or the payment or receipt of compensation in connection with any claim, proceeding, or matter involving the United States, except insofar as such provisions of law may prohibit any such individual from receiving compensation in respect of any particular matter in which such individual was directly involved in the performance of such service; nor shall such service be considered as employment or holding of office or position bring-

ing such individual within the provisions of section 6 of the Act of May 22, 1920, as amended (5 U. S. C. 715), section 212 of the Act of June 30, 1932, as amended (5 U. S. C. 59a), or any other Federal law limiting the reemployment of retired officers or employees or governing the simultaneous receipt of compensation and retired pay or annuities.

(b) Notwithstanding section 2 of the Act of July 31, 1894 (5 U. S. C. 62), which prohibits certain retired officers from holding certain office any retired officer of any of the services mentioned in the Career Compensation Act of 1949 may hold any office or appointment under this Act or the Mutual Defense Assistance Control Act of 1951, but the compensation of any such retired officer shall be subject to the provisions of the Act of June 30, 1932 (5 U. S. C. 59a), which does not permit retired pay to be added to the compensation received as a civilian officer.

SEC. 533. WAIVERS OF CERTAIN FEDERAL LAWS.—Whenever the President determines it to be in furtherance of purposes declared in this Act, the functions authorized under this Act may be performed without regard to such provisions of law (other than the Renegotiation Act of 1951, as amended) regulating the making, performance, amendment, or modification of contracts and the expenditure of Government funds as the President may specify.

SEC. 534. REPORTS.—The President, from time to time while funds appropriated for the purpose of this Act continue to be available for obligation, shall transmit to the Congress reports covering each six months of operations, in furtherance of the purposes of this Act, except information the disclosure of which he deems incompatible with the security of the United States. Reports provided for under this section shall be transmitted to the Secretary of the Senate or the Clerk of the House of Representatives, as the case may be, if the Senate or the House of Representatives, as the case may be, is not in session. Such reports shall include detailed information on the implementation of sections 504 and 413 (b) of this Act.

SEC. 535. COOPERATION WITH INTERNATIONAL ORGANIZATIONS.—(a) The President is authorized to request the cooperation of or the use of the services and facilities of the United Nations, its organs and specialized agencies, or other international organizations, in carrying out the purposes of this Act, and may make payments by advancements or reimbursements, for such purposes, out of funds made available for the purposes of this Act, as may be necessary therefor, to the extent that special compensation is usually required for such services and facilities: Provided, That nothing in this section shall be construed to authorize the delegation to any international or foreign organization or agency of authority to decide the method of furnishing assistance under this Act to any country or the amount thereof.

(b) Whenever the President determines it to be in furtherance of the purposes of this Act, United States Government agencies, on request of international organizations, are authorized to furnish supplies, materials, and services, on an advance of funds or reimbursement basis, to such organizations. Such advances or reimbursements may be credited to the current applicable appropriation or fund of the agency concerned and shall be available for the purposes for which such appropriations and funds are authorized to be used.

SEC. 536. JOINT COMMISSION ON RURAL RECONSTRUCTION IN CHINA.—The President is authorized to continue to participate in the Joint Commission on Rural Reconstruction in China and to appoint citizens of the United States to the Commission.

CHAPTER 3. REPEAL AND MISCELLANEOUS PROVISIONS

SEC. 541. EFFECTIVE DATE.—*This Act shall take effect on the date of its enactment.*

SEC. 542. STATUTES REPEALED.—(a) *There are hereby repealed—*

(1) *an Act to provide for assistance to Greece and Turkey, approved May 22, 1947, as amended;*

(2) *the joint resolution to provide for relief assistance to the people of countries devastated by war, approved May 31, 1947, as amended;*

(3) *the Foreign Aid Act of 1947;*

(4) *the Foreign Assistance Act of 1948, as amended; including the Economic Cooperation Act of 1948, as amended, the International Children's Emergency Fund Assistance Act of 1948, as amended, the Greek-Turkish Assistance Act of 1948, and the China Aid Act of 1948, as amended;*

(5) *the Mutual Defense Assistance Act of 1949, as amended;*

(6) *the Foreign Economic Assistance Act of 1950, as amended; including the Economic Cooperation Act of 1950, the China Area Aid Act of 1950, as amended, the United Nations Palestine Refugee Aid Act of 1950, and the Act for International Development, as amended;*

(7) *the Far Eastern Economic Assistance Act of 1950, as amended;*

(8) *the Yugoslav Emergency Relief Assistance Act of 1950;*

(9) *the Mutual Security Act of 1951, as amended;*

(10) *the Mutual Security Act of 1952;*

(11) *the Mutual Security Act of 1953;*

(12) *section 12 of the joint resolution of Congress approved November 4, 1939 (54 Stat. 10; 22 U. S. C. 452);*

(13) *section 4 of the Act of March 3, 1925 (50 Stat. 887; 50 U. S. C. 165); and*

(14) *section 968 of title 18, United States Code.*

(b) *References in other Acts to the Acts listed in subsection (a) shall hereafter be considered to be references to the appropriate provisions of this Act.*

(c) *The repeal of the Acts listed in subsection (a) shall not be deemed to affect amendments contained in such Acts to Acts not named in subsection (a).*

SEC. 543. SAVING PROVISIONS.—

(a) *Except as may be expressly provided to the contrary in this Act, all determinations, authorizations, regulations, orders, contracts, agreements, and other actions issued, undertaken or entered into under authority of any provision of law repealed by section 542 shall continue in full force and effect until modified by appropriate authority.*

(b) *Where provisions of this Act establish conditions which must be complied with before use may be made of authority contained in or funds authorized by this Act, compliance with substantially similar conditions under Acts named in section 542 shall be deemed to constitute compliance with the conditions established by this Act.*

(c) *No person in the service or employment of the United States or otherwise performing functions under an Act repealed by section 542 or under section 408 shall be required to be reappointed or reemployed by reason of the entry into force of this Act, except that appointments made pursuant to section 110 (a) (2) of the Economic Cooperation Act of 1948, as amended, shall be converted to appointments under section 527 (c) of this Act.*

SEC. 544. AMENDMENTS TO OTHER LAWS.—(a) Title X of the United States Information and Educational Exchange Act of 1948, as amended (22 U. S. C. 1431), is amended by adding the following new section:

“INFORMATIONAL MEDIA GUARANTIES

“SEC. 1011. The Director of the United States Information Agency may make guaranties, in accordance with the provisions of subsection (b) of section 413 of the Mutual Security Act of 1954, of investments in enterprises producing or distributing informational media consistent with the national interests of the United States against funds heretofore made available by notes issued to the Secretary of the Treasury pursuant to section 111 (c) (2) of the Economic Cooperation Act of 1948, as amended, for purposes of guaranties of investments: Provided, however, That the amount of such guaranties in any fiscal year shall be determined by the President but shall not exceed \$10,000,000.”

(b) Section 1 of Public Law 283, Eighty-first Congress, is repealed. The Institute of Inter-American Affairs, created pursuant to Public Law 369, Eightieth Congress (22 U. S. C. 281), shall have succession until June 30, 1960, and may make contracts for periods not to exceed five years: Provided, That any contract extending beyond June 30, 1960, shall be made subject to termination by the said Institute upon notice: And provided further, That the said Institute shall, on and after July 1, 1954, be subject to the applicable provisions of the Budget and Accounting Act, 1921, as amended (31 U. S. C. 1), in lieu of the provisions of the Government Corporation Control Act, as amended (31 U. S. C. 841).

SEC. 545. DEFINITIONS.—For the purposes of this Act—

(a) The term “commodity” includes any commodity, material, article, supply, or goods.

(b) The term “surplus agricultural commodity” means any agricultural commodity or product thereof, class, kind, type, or other specification thereof, produced in the United States either publicly or privately owned, which is in excess of domestic requirements, adequate carryover, and anticipated exports for dollars, as determined by the Secretary of Agriculture.

(c) The terms “equipment” and “materials” shall mean any arms, ammunition, or implements of war, or any other type of material, article, raw material, facility, tool, machine, supply or item that would further the purpose of chapter 1 of title I, or any component or part thereof, used or required for use in connection therewith, or required in or for the manufacture, production, processing, storage, transportation, repair, or rehabilitation of any equipment or materials, but shall not include merchant vessels.

(d) The term “mobilization reserve”, as used with respect to any equipment or materials, means the quantity of such equipment or materials determined by the Secretary of Defense under regulations prescribed by the President to be required to support mobilization of the Armed Forces of the United States in the event of war or national emergency until such time as adequate additional quantities of such equipment or materials can be procured.

(e) The term “excess”, as used with respect to any equipment or materials, means the quantity of such equipment or materials owned by the United States which is in excess of the mobilization reserve of such equipment or materials.

(f) The term "services" shall include any service, repair, training of personnel, or technical or other assistance or information necessary to effectuate the purposes of this Act.

(g) The term "Armed Forces of the United States" shall include any component of the Army of the United States, of the United States Navy, of the United States Marine Corps, of the Air Force of the United States, of the United States Coast Guard, and the Reserve components thereof.

(h) The term "value" means—

(1) with respect to any excess equipment or materials furnished under chapter 1 of title I, the gross cost of repairing, rehabilitating, or modifying such equipment or materials prior to being so furnished;

(2) with respect to any nonexcess equipment or materials furnished under chapter 1 of title I which are taken from the mobilization reserve (other than equipment or materials referred to in paragraph (3) of this subsection), the actual or the projected (computed as accurately as practicable) cost of procuring for the mobilization reserve an equal quantity of such equipment or materials or an equivalent quantity of equipment or materials of the same general type but deemed to be more desirable for inclusion in the mobilization reserve than the equipment or materials furnished;

(3) with respect to any nonexcess equipment or materials furnished under chapter 1 of title I which are taken from the mobilization reserve but with respect to which the Secretary of Defense has certified that it is not necessary fully to replace such equipment or materials in the mobilization reserve, the gross cost to the United States of such equipment and materials or its replacement cost, whichever the Secretary of Defense may specify; and

(4) with respect to any equipment or materials furnished under chapter 1 of title I which are procured for the purpose of being so furnished, the gross cost to the United States of such equipment and materials.

In determining the gross cost incurred by any agency in repairing, rehabilitating, or modifying any excess equipment furnished under chapter 1 of title I, all parts, accessories, or other materials used in the course of repair, rehabilitation, or modification shall be priced in accordance with the current standard pricing policies of such agency. For the purpose of this subsection, the gross cost of any equipment or materials taken from the mobilization reserve means either the actual gross cost to the United States of that particular equipment or materials or the estimated gross cost to the United States of that particular equipment or materials obtained by multiplying the number of units of such particular equipment or materials by the average gross cost of each unit of that equipment and materials owned by the furnishing agency.

(i) The term "United States Government agency" means any department, agency, board, wholly or partly owned corporation, or instrumentality, commission, or establishment of the United States Government.

SEC. 546. CONSTRUCTION.—(a) If any provision of this Act or the application of any provision to any circumstances or persons shall be held invalid, the validity of the remainder of the Act and applicability of such provision to other circumstances or persons shall not be affected thereby.

(b) Nothing in this Act shall alter, amend, revoke, repeal, or otherwise affect the provisions of the Atomic Energy Act of 1946, as amended (42 U. S. C. 1801).

(c) *Nothing in this Act is intended nor shall it be construed as an expressed or implied commitment to provide any specific assistance, whether of funds, commodities, or services, to any nation or nations, or to any international organization.*

SEC. 547. *REDUCTION OF AUTHORIZATIONS.*—*Notwithstanding the foregoing provisions of this Act, such provisions shall not be construed to authorize the appropriation for the fiscal year 1955, for the purposes of titles I, II, and IV of this Act, of amounts (exclusive of unexpended balances of prior appropriations authorized to be continued available under such provisions) aggregating in excess of \$2,918,040,000.*

And the Senate agree to the same.

ROBERT B. CHIPERFIELD,
JOHN M. VORYS,
WALTER H. JUDD,
THOMAS S. GORDON,
LAURIE BATTLE,

Managers on the Part of the House.

ALEXANDER WILEY,
H. ALEXANDER SMITH,
BOURKE B. HICKENLOOPER,
WALTER F. GEORGE,
By F. O. W.

THEODORE FRANCIS GREEN,
Managers on the Part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 9678) to promote the security and foreign policy of the United States by furnishing assistance to friendly nations, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate struck out all of the House bill after the enacting clause and inserted a substitute amendment. The committee of conference has agreed to a substitute for both the House bill and the Senate amendment. Except for clarifying, clerical, and necessary conforming changes, the differences are noted below:

THE FUNDS AUTHORIZED

The committee on conference agreed on a total authorization of \$3,252,868,000. This is a reduction of \$314,040,000 from the House bill and an increase of \$314,040,000 over the Senate amendment.

The following formula was used to determine the authorization:

House bill, total	\$3, 566, 908, 000
Less future year authorization for infrastructure	198, 300, 000
House bill, total 1955 authorization	3, 368, 608, 000
Less House bill, title III	131, 528, 000
House bill, titles I, II, and IV	3, 237, 080, 000
Senate bill, titles I, II, and IV (Senator Long's amendment)	2, 599, 000, 000
Difference between House and Senate	638, 080, 000
Half of difference between House and Senate	319, 040, 000
Senate bill, titles I, II, and IV	2, 599, 000, 000
Conference agreement	2, 918, 040, 000
Conference agreement, title III	136, 528, 000
Conference agreement, total 1955	3, 054, 568, 000
Add future year authorization for infrastructure	198, 300, 000
	3, 252, 868, 000

It was clear from the debate on the Long amendment that it was intended as a limitation on fiscal year 1955 appropriations although this was not specified in the amendment. The conferees placed this date in the limitation. The authorization for future appropriations for infrastructure, \$198,300,000, was in both the Senate and House bills and was not affected by the agreement on the Long amendment. Therefore the total authorized by the conference agreement is:

\$3, 054, 568, 000
198, 300, 000
3, 252, 868, 000

The comparable overall totals are as follows:

	House author- ization bill	Senate author- ization bill	Conference agreement
Authorization for titles I, II, IV	\$3, 435, 380, 000	\$2, 797, 300, 000	\$2, 918, 040, 000
Authorization for title III	131, 528, 000	141, 528, 000	136, 528, 000
Total authorization	3, 566, 908, 000	2, 938, 828, 000	3, 054, 568, 000
Future years authorization for infrastructure			198, 300, 000
Total			3, 252, 868, 000
Less funds for which no 1955 appropriation will be requested:			
Sec. 104. Infrastructure	198, 300, 000	198, 300, 000	198, 300, 000
Sec. 407. UNRWA	30, 000, 000	30, 000, 000	30, 000, 000
Total	228, 300, 000	228, 300, 000	228, 300, 000
Total 1955 money request	3, 338, 608, 000	2, 710, 528, 000	3, 024, 568, 000

The detailed authorizations in the House bill, the Senate amendment, and in the conference agreement are as follows:

Items	House authori- zation bill	Senate authori- zation bill	Conference agreement
Title I.—Mutual Defense Assistance:			
Chapter 1. Military assistance:			
Sec. 103. Authorization	\$1, 430, 300, 000	\$1, 265, 300, 000	\$1, 270, 000, 000
Sec. 106:			
Europe	(617, 500, 000)	(617, 500, 000)	(517, 500, 000)
Near East	(181, 200, 000)	(181, 200, 000)	(181, 200, 000)
Far East	(583, 600, 000)	(583, 600, 000)	(583, 600, 000)
Latin America	(13, 000, 000)	(13, 000, 000)	(13, 000, 000)
Sec. 104. Infrastructure	321, 000, 000	321, 000, 000	321, 000, 000
Sec. 105. Special weapons		27, 000, 000	
Total, chapter 1	1, 751, 300, 000	1, 613, 300, 000	1, 591, 000, 000
Chapter 2. Direct forces support:			
Sec. 121. Southeast Asia	800, 000, 000	712, 000, 000	700, 000, 000
Sec. 122. Production for forces support		70, 000, 000	35, 000, 000
Sec. 123. Common-use items	70, 000, 000	64, 000, 000	60, 000, 000
Total, chapter 2	870, 000, 000	846, 000, 000	795, 000, 000
Chapter 3. Defense support:			
Sec. 131 (b):			
(1) Europe	145, 000, 000	71, 000, 000	46, 000, 000
(2) Near East	81, 850, 000	73, 000, 000	73, 000, 000
(3) Far East	96, 430, 000	86, 230, 195	80, 098, 195
Sec. 132:			
(a) Korean program	230, 000, 000	205, 000, 000	205, 000, 000
(b) UNKRA	11, 300, 000	3, 452, 615	3, 452, 615
Total, chapter 3	464, 580, 000	438, 682, 810	407, 550, 810
Total, title I	3, 085, 880, 000	2, 897, 982, 810	2, 793, 550, 810
Title II—Development assistance:			
Near East and Africa	130, 000, 000	115, 000, 000	115, 000, 000
South Asia	85, 000, 000	76, 000, 000	75, 000, 000
Latin America	9, 000, 000	9, 000, 000	9, 000, 000
Total, title II	224, 000, 000	200, 000, 000	199, 000, 000
Title III—Technical cooperation:			
Sec. 303 (304). Bilateral	112, 070, 000	122, 070, 000	117, 070, 000
Sec. 305 (306). Multilateral:			
(a) United Nations	17, 958, 000	17, 958, 000	17, 958, 000
(b) OAS	1, 500, 000	1, 500, 000	1, 500, 000
Total, title III	131, 528, 000	141, 528, 000	136, 528, 000

¹ House bill excludes \$25,000,000 of joint control areas. This is carried in sec. 403.

Items	House authori- zation bill	Senate authori- zation bill	Conference agreement
Title IV—Other programs:			
Sec. 403. Joint control areas.....	\$25,000,000	\$(²)	\$25,000,000
Sec. 405:			
(a) Migrants.....	11,700,000	11,189,190	11,189,190
(b) UNREF.....	500,000	500,000	500,000
Sec. 406. Children's Fund.....	13,500,000	13,500,000	13,500,000
Sec. 407. UNRWA.....	30,000,000	30,000,000	30,000,000
Sec. 408. NATO.....	3,200,000	3,200,000	3,200,000
Sec. 409. Ocean freight.....	4,400,000	4,400,000	4,400,000
Sec. 410. Control Act expenses.....	1,300,000	1,300,000	1,300,000
Sec. 411. Administrative expenses.....	35,900,000	34,700,000	34,700,000
Total, title LV.....	125,500,000	98,789,190	123,789,190
Totals.....	3,566,908,000	3,338,300,000	3,252,868,000

² Senate bill includes \$25,000,000 for this item in sec. 131 (b) (1).

SEATING OF COMMUNIST CHINA IN UNITED NATIONS (SEC. 101)

The Senate amendment contained a provision reiterating congressional opposition to seating the Communist regime in China as China's representative in the United Nations, and requesting the President, if that regime should be seated in the Security Council or General Assembly, to inform the Congress of the implications on United States foreign policy and to present his recommendations, if any. No such provision was included in the House bill, but the House on July 15, 1954, adopted House Resolution 627, reiterating its opposition to, and supporting the President in his efforts to prevent, the seating of that regime as the representative of China in the United Nations or any of its specialized agencies.

The conference agreement retains the language of the Senate amendment.

DEVELOPMENT OF WEAPONS OF ADVANCED DESIGN (SECS. 103 AND 105)

The Senate amendment authorized an appropriation of \$27,000,000 for the development of weapons of advanced design together with the unexpended balance previously authorized for that purpose. The House bill authorized the carryover of unexpended balances but did not provide any new funds for such weapons.

The committee of conference believes that the development of weapons of advanced design is important to the military program authorized in this legislation. There is no reason, however, for placing any limit on the funds available for such use. Moreover, there are certain advantages in not informing potential enemies of the amounts of money being spent for such purposes, and it is not necessary to do so since the nature of the assistance involved, as described in detail in closed sessions during the hearings, may properly be carried out under the general authorization to provide military assistance. Money authorized for the procurement of conventional weapons could be used for the development of newer weapons whenever funds can be effectively used in this way. For this reason it was decided that no special provision should be made for such a program. Under the program to develop weapons of advanced design funds will continue to be used to finance those research and development projects and items

of a classified nature that are not in the usual category of weapons. The authorization for direct military assistance was increased by \$27,000,000, the amount requested by the Executive for weapons of advanced design, to make clear that there was no indication that this program should be curtailed because it was being included in the general military authorization. The unexpended balance for weapons of advanced design was made available under section 103 and may be used insofar as needed for such weapons.

CONDITIONS OF MILITARY ASSISTANCE TO THE FAR EAST AND THE
PACIFIC (SEC. 105 (B) (3))

The Senate amendment contained language providing that military assistance to the Far East and Pacific should be given directly to the free peoples of the area including the Associated States of Cambodia, Laos, and Viet Nam insofar as possible. This language was not contained in the House bill. The House conferees accepted the Senate provision because it was believed that the directive to give military aid directly rather than channeling it through another nation in that area would more effectively promote the effective use of United States aid.

TRANSFER PROVISION (SEC. 105 (D))

Both the House bill and the Senate amendment fixed ceilings on the dollar value of military aid which may be delivered in each of four areas. These ceilings are fixed by adding, to the funds previously made available for military assistance in each area, the following figures:

Europe.....	\$617, 500, 000
Near East, Africa, and South Asia.....	181, 200, 000
Far East and Pacific.....	583, 600, 000
Western Hemisphere.....	13, 000, 000

The House bill provided that, notwithstanding these ceilings, military aid programed for any one of these areas may be furnished in any other area, if its value does not exceed 10 percent of the sum of (1) the figure specified above for the area from which the transfer is made, and (2) the unexpended balances available on June 30, 1954, for military aid for that area. The Senate amendment contained a corresponding provision, with a 15 percent limit in place of the House bill's limit of 10 percent.

The managers for the House accepted the 15 percent limit in order to assure adequate flexibility for meeting changing military situations.

ASSISTANCE IN SOUTHEAST ASIA AND THE WESTERN PACIFIC (SEC. 121)

Sections 141 and 142 of the House bill established certain conditions of eligibility for mutual defense assistance, including a requirement as to agreements on the part of nations to which such assistance is furnished. Substantially similar provisions were included in the Senate amendment, but the Senate amendment authorized the President to waive these requirements, in the case of assistance to Southeast Asia and the Western Pacific, to the extent necessary to carry out the purposes of the act. The Senate amendment also provided that a report of any such waiver should be made to the interested congress-

sional committees within 30 days. No similar waiver authority was contained in the House bill.

The committee of conference agreed to this waiver authority with two modifications. In the case of the Associated States of Cambodia, Laos, and Viet Nam the President was given discretion to waive provisions of section 142 since it is not now clear what agreements those nations will be able to negotiate and carry out. It may be undesirable to require mutual defense agreements from certain other governments in the area which have only recently attained independence, but which need help in resistance to communism. Therefore, provision was made that up to an aggregate of 10 percent of the funds made available in this section can be made available to such other nations not complying with all the conditions of section 142.

All exceptions to the requirements of section 142 must be reported to the appropriate committees of the Congress.

Language similar to that accepted by the committee of conference in section 105 (b) (3) providing for direct assistance as far as possible was also included in this section.

PRODUCTION FOR FORCES SUPPORT (SEC. 122)

The House bill contained a provision authorizing the carry-over of unexpended fiscal year 1953 funds for support of manufacture of military aircraft required by United Kingdom forces for North Atlantic defense. The Senate amendment authorized the carry-over plus an additional sum of \$70,000,000 for fiscal 1955.

The conference agreement retains the language of the Senate amendment, except that the amount of new funds is reduced to \$35,000,000.

DEFENSE SUPPORT—GENERAL AUTHORITY (SEC. 131 (A))

The House bill authorized the President to furnish defense support assistance to nations and organizations eligible to receive military assistance. The Senate amendment authorized the furnishing of such assistance without regard to whether the recipient nation or organization is eligible to receive military assistance.

The committee of conference agreed to the House language with the addition of language to make eligible any nation which has joined with the United States in a regional defense arrangement. As thus modified, the conference agreement will permit the furnishing of defense support, when it is in the interest of the United States to do so, in order to help such a nation sustain and increase military effort.

KOREAN PROGRAM—VESSELS (SEC. 132 (B) (1))

The Senate amendment contained language requiring that the President investigate to determine whether privately owned vessels were available for sale and, if so, that these vessels be purchased before any Government-owned vessels were transferred to Korea under section 132 (b) (1). The House bill contained no such language.

The committee of conference agreed that privately owned vessels available for sale should be purchased for transfer under this section, but did not feel that transfers of Government-owned vessels should

be delayed pending negotiation of purchases from private owners. The conference agreement therefore adopts the Senate language except for the final phrase requiring purchase of privately owned vessels "prior to the transfer hereunder of any other vessels."

COUNTERPART (SEC. 142 (11))

Both the House bill and the Senate amendment provided for deposit of counterpart funds, under certain circumstances, by nations receiving mutual defense assistance. The House bill provided that not less than 10 percent of these funds should be allocated to the use of the United States. The Senate amendment provided that a portion of these funds, to be mutually agreed upon by the United States and the nation concerned, should be made available to the United States.

The House conferees accepted the Senate language with the amendment that not less than 10 percent shall be deposited by any country to which such minimum requirement has been applicable under previous legislation. This would permit necessary flexibility in the case of countries which had not previously been required to deposit 10 percent.

The House bill also provided that any unencumbered balances of counterpart funds which are deposited after the date of enactment of the bill and which remain after termination of assistance to the nation concerned shall be disposed of as may be authorized by act of Congress. The Senate amendment provided for disposition of these balances for purposes to be mutually agreed between the nation and the United States, subject to approval by act of Congress.

The conference agreement includes the Senate language in order to avoid the renegotiation and other difficulties which would result if such a change in policy was required. It was noted that the volume of counterpart deposits is declining rapidly as economic aid declines.

DEVELOPMENT ASSISTANCE (SEC. 201)

Section 201 of the House bill authorized development assistance to each of three areas: the Near East and Africa, South Asia, and Latin America. It also provided that at least half of the assistance furnished under the section to each such area should be furnished on a loan basis (except for assistance furnished with unexpended balances carried over under the section). The Senate amendment contained no such requirement as to loans for development assistance, although section 505 of the Senate amendment did earmark, for furnishing assistance on a loan basis, \$150 million of the funds available under the act.

The conference agreement provides that 30 percent of the new funds appropriated for development assistance shall be used only for loans. This percentage should be applied to the total new funds available for all areas, rather than to the funds expended in each area. It is hoped that more than 30 percent of the funds provided under this title will be effectively utilized for purposes which would justify a loan, but the 50 percent requirement was felt to be too high.

TECHNICAL COOPERATION—DECLARATION OF PURPOSE (SEC. 301)

The House bill contained a provision setting forth the President's general authority to conduct bilateral technical cooperation programs

together with a brief statement of the purpose of such programs. The Senate amendment contained a provision setting forth a comprehensive statement of purpose, formerly section 403 of the Act for International Development.

The conference agreement contains the Senate language. Within the program changes in emphasis and limitations in scope may be necessary. But it is the intent of the conferees that such changes give the Administrator no basis for departing from the original concepts and fundamental objectives of the technical cooperation program.

TECHNICAL COOPERATION—AUTHORIZATION (SEC. 304)

The House bill authorized \$112,070,000 for technical cooperation programs in the Near East, Africa, South Asia, Far East and Pacific, and Latin America. The Senate amendment authorized \$88,570,000 for the Near East, Africa, South Asia, the Far East and the Pacific, and \$33,500,000 specifically for Latin America, representing an additional sum of \$10,000,000 for that area.

In view of the forthcoming Rio Conference and recent developments in Latin America since the preparation of the authorization requests by the executive branch, it was the view of the committee of conference that a sum of \$5,000,000 additional to that requested would be desirable. The conference agreement, therefore, contains the specific earmarking of \$28,500,000 for Latin America and preserves \$88,570,000 for the other areas.

EARMARKING OF FUNDS—SURPLUS AGRICULTURAL COMMODITIES (SEC. 402)

Section 402 of the House bill earmarked \$500,000,000 of the funds authorized to be made available under the bill for the purchase and export of surplus agricultural commodities. The Senate amendment revised this section, reducing the amount earmarked from \$500,000,000 to \$350,000,000 and making several technical changes, the main purposes of which were to make it clear that these commodities are in addition to those covered by the Agricultural Trade Development and Assistance Act of 1954, and to insure that the foreign currencies accruing to the United States under the section shall be used as far as practicable for the same purpose for which the dollars used to finance the purchase of the commodities were originally programmed.

The conference agreement combines certain features of both provisions, together with clarifying language. The funds earmarked are set at \$350,000,000. It is made clear that the agricultural commodities utilized under this section are to be sold for foreign currencies rather than supplied on a grant basis. Language is included providing that prices at which commodities are sold will not unduly disrupt world prices and that private channels of trade will be utilized to the maximum extent practicable. It is provided that the foreign currencies obtained under this provision will be spent to promote the objectives of this Act but with particular emphasis on the purposes expressed in section 104 of the Agricultural Trade and Development Act of 1954 which are in harmony with the purposes of the Mutual Security Act.

MOVEMENT OF MIGRANTS AND REFUGEES (SEC. 405)

The House bill authorized funds for United States contributions to the Intergovernmental Committee for European Migration (ICEM). The Senate amendment in addition specifically authorized the President to continue membership in ICEM in accordance with its constitution, approved on October 19, 1953.

While this was the intent of the House bill, it was felt desirable by the committee of conference specifically to express congressional approval of continued United States membership and United States acceptance of the new constitution. The conference agreement therefore preserves the additional language of the Senate amendment.

PALESTINE REFUGEES IN THE NEAR EAST (SEC. 407)

The House bill authorized the President to make use of the unexpended balance of funds previously appropriated for the United Nations Relief and Works Agency for Palestine Refugees through any other agency he might designate. The Senate amendment included this provision but in addition gave the President the same discretion as to the new money made available under this section.

The conference agreement retains the Senate language because it is believed that it fully maintains the position of the House in supporting the United Nations Relief and Works Agency for Palestine Refugees, but made allowance for the fact that circumstances which would justify the use of another agency for spending the funds carried over might justify the same course of action as to the new money.

NORTH ATLANTIC TREATY ORGANIZATION (SEC. 408)

Both the House bill and the Senate amendment authorized the appropriation for 1955 of \$3,200,000 for payment by the United States of its share of expenses of NATO. The Senate amendment, however, provided in addition for a continuing authorization. The conference agreement retains the Senate language.

In adopting this language, the committee of conference believes it is desirable to include appropriations for as many international organizations in which the United States participates, on other than a temporary basis, in the Department of State appropriation bill. This would in such cases obviate the necessity of seeking new authorizations in succeeding years and thus facilitate the mechanism for continued United States participation.

STRATEGIC MATERIALS

The House bill (sec. 412) authorized the carryover of unexpended funds previously appropriated to assist in procuring and stimulating increased production of materials in which the United States or nations receiving United States assistance are deficient. The Senate amendment did not include such authorization.

The conference agreement eliminates this section. Information supplied to the committee of conference indicated that only a small sum remained unobligated under this section and the prospective uses for these unobligated funds appeared so vague and indefinite that a continuing authorization did not seem justified.

ENCOURAGEMENT OF FREE ENTERPRISE AND PRIVATE PARTICIPATION
(SEC. 413)

Section 413 (a): In declaring congressional policy on encouragement of free enterprise and private participation in the mutual security program, the Senate amendment broadened the House bill to include a statement of congressional recognition of "the vital role of free enterprise in achieving rising levels of production and standards of living essential to the economic progress and defensive strength of the free world."

Since it was the intent of the House bill to reaffirm congressional policy in this subsection, the committee of conference agreed to include this language, contained in prior mutual security legislation, in the conference agreement.

Section 413 (b) (2): The House bill provided that the President "shall accelerate a program of negotiating treaties for commerce and trade, or other temporary arrangements where more suitable or expeditious, which shall include provisions to encourage and facilitate the flow of private investment to nations participating in programs under this act." The Senate amendment deleted "or other temporary arrangements where more suitable or expeditious" and substituted the phrase "including tax treaties."

In adopting the Senate language, it is the view of the committee of conference that the substitution of tax treaties spells out a specific field of treaty negotiation important to the program of encouraging and facilitating the flow of private investment overseas.

Section 413 (b) (3): The Senate amendment required the President to insist upon full compliance by other countries with commercial-type treaties which they have entered into with the United States. It further directed the President to use all reasonable measures which may be available to him under this or any other law to secure compliance with treaties which have been declared to be valid by the International Court of Justice and to secure damages, when these are provable on the basis of valid and properly submitted claims, for any American citizen who has suffered as a result of unfair action in violation of such treaties. The House bill contained no such provision.

The committee of conference agreed to a modification of the Senate language. The conference agreement carries out the purpose of the Senate amendment to help in obtaining protection of the rights of American citizens abroad, in conformity with the objectives of the mutual security program.

Section 413 (b) (4) (B) (ii): The House bill extended the coverage of investment guaranties to include war, revolution or insurrection. The Senate amendment did not include this coverage. While the conference agreement omits the broadened coverage of the House bill, the committee of conference expressed its view that the investment guaranty program as contained in the agreement is an important part of private enterprise participation in the mutual security program.

• MUNITIONS CONTROL (SEC. 414)

The Senate amendment included "technical data relating thereto" within the items subject to control under this section. The House bill did not include such language.

The conference agreement includes the Senate provision. It is believed that control over technical data, although difficult to administer except when wartime censorship is in effect, is important to United States security and that those responsible for controlling the export and import of munitions should be given such authority.

ASSISTANCE TO INTERNATIONAL ORGANIZATIONS (SEC. 415)

The House bill authorized the use of funds available for defense support and joint control areas for a strategic stockpile of foodstuffs for NATO. The Senate amendment made available defense support, development assistance, and joint control area funds for aid to NATO, the European Coal and Steel Community, the Organization of European Economic Cooperation (OEEC), and the European Payments Union and similar organizations.

The conference agreement retains the language of the House bill. In adopting the House language, the committee of conference made it clear that no lack of United States interest in encouraging these organizations was intended. The Senate language was considered unnecessary, since no programs were presented to the Congress which would justify the Senate language at this time.

EMIGRATION TO U. S. S. R.

The House bill (sec. 415) contained a provision authorizing payment of expenses of travel of any resident in the United States to the Union of Soviet Socialist Republics for the purpose of establishing permanent residence there, with the stipulation that such resident shall not be readmitted to the United States. The Senate amendment did not contain this provision. Certain psychological advantages to be derived from such a proposal are obvious, but the question of administrative difficulties led to its omission from the conference agreement.

IRISH COUNTERPART (SEC. 417)

When assistance to Ireland under the Economic Cooperation Act of 1948 was terminated, a balance amounting to approximately 6 million Irish pounds remained in the counterpart account established by Ireland as required by that act. The United States and Ireland entered into an agreement on June 17 of this year providing for the disposition of this balance within Ireland for the purposes of scholarship exchange between the two countries and other programs and projects to improve and develop the agricultural production and marketing potential of Ireland and to increase the production and efficiency of Irish industry.

Under the Economic Cooperation Act of 1948, this agreement is subject to approval by the Congress. The Senate amendment contained a provision approving the agreement. No such provision was in the House bill. The conference agreement retains the Senate language.

TRANSFERABILITY OF FUNDS (SEC. 501)

The House bill provided that the funds available to carry out any provision of the bill may be increased by not more than 10 percent of the amount appropriated pursuant to that provision (including

any unexpended balances carried over), through a transfer from the funds available to carry out any other provision, so long as the latter funds are not reduced, by reason of the transfer, by more than 10 percent of the amount appropriated (including carryover) pursuant to that provision.

The Senate amendment provided broader transfer authority. It fixed no limit on the amount by which any funds may be increased by such a transfer. Also, because the Senate amendment applied the 10-percent limit on reductions to the total amounts available under titles, chapters, and sections, it permitted a greater than 10-percent reduction in the case of funds (such as those for defense support for Europe) appropriated pursuant to a provision within a section.

The committee of conference adopted the language of the House bill except that limit on the increase of any provision by transfer was made 20 percent. This change would make possible a more adequate increase to meet unforeseen developments in the case of certain small authorizations where a 10-percent increase, as provided in the House bill, would permit the transfer of an inadequate sum.

TERMINATION OF ASSISTANCE (SEC. 503)

The committee of conference recognized a certain danger in maintaining a separate agency concerned exclusively with the administration of foreign aid. There is inevitably a tendency for such an agency to regard the supplying of aid to foreign nations as a normal, continuing process.

The committee of conference believes that aid to other countries should be supplied only in exceptional circumstances to meet specific situations. Although the United States may be required to give aid every year during the period of acute danger from the Soviet Union, each total annual program should be made up of individual temporary programs to meet emergency situations in particular countries or areas.

It is desirable that permanent legislation be in effect, setting forth the conditions, procedures and limitations of such aid programs, in order that assistance can be given promptly and effectively when necessary.

It is not desirable to maintain a special agency devoted to developing and administering assistance programs throughout the world. Under the circumstances such programs tend to become an end in themselves. Instead, the regular departments of Government responsible for foreign policy and for defense should exercise the legislative authority which this bill provides to make available necessary aid when an emergency justifies such action. There should be no incentive, however, for those responsible for such action to perpetuate these aid programs.

For these reasons the committee of conference agreed to a provision specifically terminating the Foreign Operations Administration on June 30, 1955, and providing for the transfer of its remaining functions to appropriate departments of the executive branch.

LOANS (SEC. 505)

The House bill provided that not less than 10 percent of the amounts obligated from appropriations made under titles I and II of the bill (excluding amounts carried over from prior appropriations) shall be

used to make loans. The Senate amendment provided that of the funds made available under the bill (excluding military assistance funds, but including foreign currencies accruing under sec. 402, the surplus agricultural commodity program) the equivalent of not less than \$150 million shall be used to make loans.

The conference agreement provides that not less than \$200,000,000 shall be used to make loans, and funds under chapter 1 of title I (direct military) are included within this provision. The percentage provision of the House bill would have required that approximately \$300,000,000 would be loaned. The figure agreed upon reflects the evaluation of the committee of conference of the possibilities for using funds effectively on a loan basis.

SHIPPING ON UNITED STATES VESSELS (SEC. 509)

The Senate amendment contained language not included in the House bill which made clear that 50 percent of cargoes destined for joint control areas should be transported on United States vessels and that shipments on United States vessels should only be made when the rates are fair and reasonable.

The managers on the part of the House accepted this language since it is consistent with and clarifies the intent of the House.

NOTICE TO LEGISLATIVE COMMITTEES (SEC. 513)

The House bill required notice to be given to the appropriate committees of Congress whenever action is taken under the bill which will result in furnishing assistance substantially different from the program presented to the Congress during its consideration of the bill. The Senate amendment replaced this provision with a provision requiring that the appropriate committees be kept currently informed of substantial changes in programs and of the reasons therefor, except for changes directly resulting from changes made by Congress in the legislative proposals submitted by the executive branch.

The committee of conference adopted the House language with one clarifying modification. Particular attention was given to the danger that this requirement might impose an intolerable administrative burden on the executive branch in reporting program changes. The conclusion was reached that the requirements of this section need not impose an undue administrative burden on the Executive. It is not required or desired that day-to-day operating adjustments in programs should be reported to the committees of Congress. It is anticipated that a new type of cooperation between the administrators of the mutual security program and the committees of Congress will result from the enactment of this section.

INTERNATIONAL EDUCATIONAL EXCHANGE ACTIVITIES (SEC. 514)

The Senate amendment included a provision authorizing the Secretary of the Treasury to reserve, at the request of the Secretary of State, foreign currencies owed to or owned by the United States for sale to the Department of State for use in the international educational

exchange program (Fulbright). Sales of such currencies on the basis of the dollar value at the time of reservation was authorized.

The managers on the part of the House accepted the Senate provision. All local currencies used in this program must be purchased from the United States Treasury with dollars appropriated by the Congress, and these dollars are specifically limited for use to purchase such foreign currencies. If such foreign currencies are not available in the United States Treasury, these dollars cannot be used and the educational exchange program is correspondingly reduced.

DELEGATION OF AUTHORITY BY THE PRESIDENT—TECHNICAL
COOPERATION (SEC. 521)

The House bill provided that the President "may exercise any power or authority conferred on him by this act through such agency or officer of the United States as he shall direct." The Senate amendment contained the same provision but added a mandate that after June 30, 1955, the President shall exercise the powers conferred upon him under title III (technical cooperation) through the Secretary of State.

It was the view of the committee of conference that the technical cooperation program is a long-range program representing an important feature of United States foreign policy, and hence should be placed in the Department of State following the termination of the Foreign Operations Administration. The conference agreement reflects this view by including the additional Senate language.

EMPLOYMENT OF PERSONNEL (SEC. 527 (c) (1))

The Senate amendment provided that section 1005 of the Foreign Service Act shall apply to persons employed or assigned under section 527 of the bill by the Director of the Foreign Operations Administration to carry out mutual security programs abroad. Section 1005 of the Foreign Service Act includes a prohibition against the application of any political test in employment matters. No such provision was included in the House bill.

In order to make possible the appointment of policymaking officials who are in full sympathy with the program of the Administration the conference agreement incorporates the Senate language with a modification exempting policymaking officials from the operation of section 1005 of the Foreign Service Act.

WAIVERS OF CERTAIN FEDERAL LAWS (SEC. 533)

The Senate amendment included authorization for the President to waive provisions of law relating to the making of contracts and the expenditure of Government funds. An identical provision was stricken from the bill by the House.

The managers on the part of the House accepted the Senate language with an amendment which does not permit waiving the provisions of the Renegotiation Act of 1951. It is understood that this amendment meets the objection raised to this section in the House.

Under the Renegotiation Act the Renegotiation Board has authority to waive the applicability of renegotiation to any contract entered into with a foreign entity upon recommendation of an executive department.

ROBERT B. CHIPERFIELD,
JOHN M. VORYS,
WALTER H. JUDD,
THOMAS S. GORDON,
LAURIE BATTLE,
Managers on the Part of the House.



duced in the United States, is being lost to our producers.

Already the production in our States is being restricted. Kansas production has reached the minimum that can be imposed under our law.

Neighboring oil-producing areas have likewise been restricted. I understand that in Texas, our largest oil-producing State, production is now being restricted to a 15-day-per-month basis.

The market areas are now flooded, prices are being reduced and great concern is expressed throughout the industry.

Because the situation to which I am directing your attention is becoming more serious day by day, I invite the thinking of the Congress and the administration as well to give consideration to dealing with it before it becomes even worse.

Should other solutions fail, I will at an appropriate time again offer a proposal for congressional solution. Last year I offered a bill to restrict these oil imports to 10 percent of our requirements.

Administrative leaders urged the Congress not to take such legislative action until a more complete study had been made. The Congress responded to this request and authorized a commission, suggested by the President, to study and report on this problem.

The Commission was appointed. If they studied the question of oil imports they failed to advise or recommend to the Congress what action we should take. If they advised the administration, that advice has not been acted on or passed on to Congress.

I think it is well known that the importance of this situation is recognized at the highest level in the administrative branches of Government.

On May 28, 1953, the Secretary of the Interior, Hon. Douglas McKay, made a statement before the National Petroleum Council, in which he said he had discussed this question with the President and the National Security Council and that the statement made was concurred in by the President. That statement by the Secretary reads as follows:

For the past several weeks there has been considerable debate on those provisions of the Simpson bill to extend the Reciprocal Trade Agreements Act which would limit imports of crude oil and residual fuel oil. The nature of the issues and the merits of the arguments are well known to all of you.

I testified before the Committee on Ways and Means of the House of Representatives in opposition to those provisions of the Simpson bill which would place statutory limitations on crude oil and residual fuel oil imports into this country. I testified in opposition to those provisions because I felt that their enactment into law would be more harmful to the overall economy of the country than the benefits to be derived.

So that you may understand more fully my position, I want to quote you the following sentences from my testimony:

"I recognize the importance of domestic petroleum production to national defense and the contribution it makes to the national economy and that of the oil-producing States. I also realize that the petroleum industry is unique in that discovery and development of new reserves constitute a major and vital activity of the industry. Oil

and gas produced must be replaced by a vigorous and progressive search for new reserves or the Nation's ability to produce petroleum would rapidly deteriorate.

"I recognize how important it is that the strength of the domestic industry be maintained. To maintain this strength requires an economic climate that promotes the competition, progress, and technological development that has brought the industry to its present high degree of capability. The domestic industry today is undergoing a period of readjustment. The rate of growth in demand has leveled off after the rapid gains which followed the Korean outbreak. At the same time the expansion of supply has brought about a more normal reserve capacity. Demand is now dropping seasonally at the close of warm winter. Domestic production has been reduced in recent months, and there should be a corresponding cut in imports. There is evidence that already the industry is effecting such adjustments."

My belief that the industry, acting individually, will effect such adjustments in the level of imports is based upon faith that the individual interests of each importing company will lead to that desirable level of imports necessary to preserve the health of the domestic industry and the security of this Nation more readily than can be achieved by resorting to undesirable and inflexible statutory restraints.

I am hopeful that those companies importing crude oil or products will show industrial statesmanship in this important matter and that each company, acting individually and wholly on its own individual judgment, will exercise that restraint in respect of imports necessary to the health and security of the Nation.

I have discussed this matter with President Eisenhower and the National Security Council. I can say to you that President Eisenhower concurs in these views.

For the 6 months immediately preceding the statement wherein Secretary McKay urged "a corresponding cut in imports," total petroleum imports amounted to 1,080,000 barrels per day. For a comparative 6 months ending May 1, 1954, imports have averaged 1,090,000 barrels a day.

Imports were not reduced, but domestic production was stagnated. Production of crude oil in the United States for the 6 months ending May 1, 1953, averaged 6,540,000 barrels per day; for the 6 months ending May 1, 1954, this production has been reduced to 6,375,000 barrels per day. This reduction was forced in the face of greatly increased producing capacity.

There should be a distinction in our national policy as between materials essential to our national defense and the less important commodities. For the first time, this distinction was recognized in the extension of the Trade Agreements Act, when the Senate, without objection, adopted an amendment offered by Senator SYMINGTON, which reads as follows:

SEC. 2. No action shall be taken pursuant to such section 350 to decrease the duty on any article the continued domestic production of which, in volume sufficient to meet projected national defense requirements, as determined by the President, would be threatened by such decrease in duty.

Here is not only recognition of the importance of essential materials, but, as well, a recognition of the fact that it is not a partisan issue. This amendment was offered by a Democrat and accepted without objection by the entire Senate.

On January 30, 1954, Honorable Felix Wormser, Assistant Secretary of Interior, in a speech before the Colorado Mining Association Convention at Denver, referring to a similar situation as to all minerals, stated:

In an effort to correct this situation, the President, as you know, has appointed a Minerals Policy Committee, consisting of four Cabinet members, under the chairmanship of the Secretary of the Interior. The other members are the Secretary of State, the Secretary of Commerce, and the Director of the Office of Defense Mobilization, together with the Secretary of the Treasury and the Director of the Bureau of the Budget acting in an advisory capacity.

Efforts have been made in the past to formulate a minerals policy. The National Minerals Advisory Council of recent memory, endeavored to do the job, without success. It is perhaps the most difficult task the Government can perform in the minerals sphere. I know you will be interested to learn that a vast amount of groundwork has already been done by this committee. It should not be too long before results are crystallized to such an extent that a report can be made to the President for his consideration. But I ask you not to be impatient in awaiting the completion of this important task.

The question of remedial action as to oil imports has long been before the Tariff Commission and other agencies of Government. On May 3, 1949, the Tariff Commission dismissed an application for "escape clause" relief made by the Independent Petroleum Association of America with the following statement, in part:

The present situation with respect to inventories, which has resulted in some current scaling down of both production and imports, thus appears to have been due almost wholly to factors other than past changes in the duty. The Commission will continue to observe closely further developments in the industry, and its action in dismissing the present application for an investigation does not prejudice in any way future consideration of the question of petroleum imports as related to the escape clause.

For the 6 months period prior to the signing of that order, petroleum imports into the United States amounted to 590,000 barrels per day; for 6 months ending May 1, 1954, imports amounted to 1,090,000 barrels per day. In other words, imports have practically doubled without further action by the Commission. Here we have assurance that the Tariff Commission is continuing to be alert as to this problem.

The continuing study by the Tariff Commission, the consideration that has been given by the Interior Department, and the awareness of the problem at the Cabinet level should provide a basis for such administrative action as may be necessary.

The problem continues. We have extended the trade agreements law for another year.

The Congress has deferred action, but it cannot afford to long postpone the time this problem must be met.

How long a condition that is recognized by all as being injurious to the welfare of our country can be permitted to continue without serious threat to the security of our country, I do not know. There is little chance of legislative action now during the closing days of this Con-

gress. There is abundant time for such administrative corrections as are within their power.

In order to bring the problem I have just discussed down to date, I call attention to a recent article that appeared in the *Journal of Commerce* reciting the fact that one of the large oil companies has slashed crude buying in the State of Kansas to 70 percent. Here is what the article says. It appears in the *Journal of Commerce* for July 28, 1954:

SOHIO TO SLASH KANSAS CRUDE BUYING TO 70 PERCENT

Effective August 1, 1954, and continuing until further notice, Sohio Petroleum Co. will reduce its purchases from leases served by Kaw Pipe-Line Co. in Kansas to 70 percent of actual purchases made in June of 1954.

In common with the industry, Sohio has substantially reduced refinery runs as compared to last year.

The leveling of United States demand, carryover from the winter season of unusually large products stocks—especially gasoline, loss of some Canadian markets, and the lack of effective regulation of crude-oil production in certain areas have resulted in excessive supplies of crude oil, the company stated.

Despite maximum effort to reduce purchases in other areas, including the institution of purchase prorationing, crude-storage facilities available to Sohio continue to fill and are approaching physical capacity limits. As a result, this further action has become necessary.

So it appears that while we continue to increase imports from foreign countries, we slash crude buying in the United States.

MRS. ELIZABETH PRUETT FARRINGTON

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Massachusetts [Mrs. ROGERS] is recognized for 10 minutes.

Mr. BATTLE. Mr. Speaker, will the gentlewoman yield?

Mrs. ROGERS of Massachusetts. I will be very glad to yield to the gentleman from Alabama, who is leaving the Congress, I hope only for a short time.

Mr. BATTLE. I thank the gentlewoman. I want to express my very deep appreciation for her kind words of a few moments ago and say that I regret leaving such a wonderful public servant as she is.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I want to express my very great pleasure that the new delegate from Hawaii, the Honorable BETTY FARRINGTON, is a Delegate in this Congress of the United States. She is a friend of long standing. I have always loved her and admired her work for the Republican Party, her work for Hawaii, and her work for the country. She and our colleague the late Joe Farrington, worked hand in hand for the same principles and for the same causes. I have never seen a warmer welcome extended to any person in all of my experience in the Congress, and that has been some 30 years, than was extended to BETTY FARRINGTON yesterday when she was sworn in as Delegate. It was a tribute to her and her work as well as a tribute to Joe Farrington. I think it means that the Delegate, BETTY

FARRINGTON, will be a great success in her work as Delegate in the House of Representatives and in every way of great value to Hawaii because of her knowledge of legislative procedure and governmental procedure, and her knowledge of the Territory of Hawaii and all its problems, and of great value to our country.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. BOGGS, for today and the remainder of the session, on account of official business.

Mr. PRESTON, for today and the remainder of the session, on account of official business.

FOREIGN AID

Mr. VORYS submitted the following conference report and statement on the bill (H. R. 9678) to promote the security and foreign policy of the United States by furnishing assistance to friendly nations, and for other purposes:

CONFERENCE REPORT (H. REPT. No. 2637)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 9678) to promote the security and foreign policy of the United States by furnishing assistance to friendly nations, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "That this Act may be cited as the 'Mutual Security Act of 1954.'"

"TITLE I—MUTUAL DEFENSE ASSISTANCE

"Chapter 1. Military assistance

"SEC. 101. Purpose of chapter: The Congress of the United States reaffirms the policy of the United States to achieve international peace and security through the United Nations so that armed force shall not be used except in the common defense. The Congress hereby finds that the efforts of the United States and other nations to promote peace and security require additional measures of support based upon the principle of continuous and effective self-help and mutual aid. It is the purpose of this chapter to authorize measures in the common defense, including the furnishing of military assistance to friendly nations and international organizations in order to promote the foreign policy, security, and general welfare of the United States and to facilitate the effective participation of such nations in arrangements for individual and collective self-defense. In furnishing such military assistance, it remains the policy of the United States to continue to exert maximum efforts to achieve universal control of weapons of mass destruction and universal regulation and reduction of armaments, including armed forces, under adequate safeguards to protect complying nations against violation and evasion.

"The Congress reaffirms its previous expressions favoring the creation by the free peoples of the Far East and the Pacific of a joint organization, consistent with the Charter of the United Nations, to establish a program of self-help and mutual cooperation designed to develop their economic and social well-being, to safeguard basic rights

and liberties and to protect their security and independence.

"The Congress hereby reiterates its opposition to the seating in the United Nations of the Communist China regime as the representative of China. In the event of the seating of representatives of the Chinese Communist regime in the Security Council or General Assembly of the United Nations, the President is requested to inform the Congress insofar as is compatible with the requirements of national security, of the implications of this action upon the foreign policy of the United States and our foreign relationships, including that created by membership in the United Nations, together with any recommendations which he may have with respect to the matter.

"SEC. 102. General authority: Military assistance may be furnished under this chapter on a grant or loan basis and upon such other appropriate terms as may be agreed upon, by the procurement from any source and the transfer to eligible nations and international organizations of equipment, materials, and services or by the provision of any service, including the assignment or detail of members of the Armed Forces and other personnel of the Department of Defense solely to assist in an advisory capacity or to perform other duties of a noncombatant nature, including military training or advice.

"SEC. 103. Authorizations: (a) There is hereby authorized to be appropriated to the President, in addition to appropriations authorized by section 104, not to exceed \$1,270,000,000, to carry out the purpose of this chapter; and, in addition, unexpended balances of appropriations for military assistance under each paragraph of the Mutual Security Appropriation Act, 1954 (including the appropriation for mutual special weapons planning), are hereby authorized to be continued available for the purpose of this chapter and to be consolidated with the appropriation authorized by this subsection; all of which is hereby authorized to be continued available through June 30, 1955.

"(b) Funds made available pursuant to subsection (a) of this section shall be available for the administrative and operating expenses of carrying out the purpose of this chapter including expenses incident to United States participation in international security organizations.

"(c) Funds made available pursuant to subsection (a) of this section may be used for the procurement of equipment or materials outside the United States unless the President determines that such procurement will result in one or more of the following conditions:

"(1) Adverse effects upon the economy of the United States, with special reference to any areas of labor surplus, or upon the industrial mobilization base, which outweigh the strategic and logistic advantages to the United States of procurement abroad;

"(2) Production of such equipment or materials outside the United States under inadequate safeguards against sabotage or the release to potential enemies of information detrimental to the security of the United States;

"(3) Unjustifiable cost in comparison with procurement in the United States, taking into account transportation costs for delivery overseas; and

"(4) Delays in delivery incompatible with United States defense objectives.

"SEC. 104. Infrastructure: (a) The President is authorized to make contributions to infrastructure programs of the North Atlantic Treaty Organization, in accordance with agreements already made between the member nations, out of funds made available pursuant to this section, or section 103, or chapter IX of the Supplemental Appropriation Act, 1953, of amounts totaling not more than \$780,000,000, less amounts already contributed for such purpose. There is hereby authorized to be appropriated to the Presi-

dent for such purpose, in installments prior to June 30, 1958, not to exceed \$321,000,000, to remain available until expended. Such contributions by the United States shall not exceed its proportionate share, as heretofore agreed upon, of the expenses of such programs.

"(b) When the President determines that it is in the interest of the security of the United States to participate in programs for the acquisition or construction of facilities in foreign nations for collective defense other than programs of the North Atlantic Treaty Organization, he may use for such purpose funds made available under section 103 or local currencies made available under section 402 in amounts totaling not more than \$50,000,000.

"(c) Notwithstanding section 501 of this Act, no funds other than those referred to in subsections (a) and (b) of this section may be expended for the purposes of this section. No funds shall be expended under this section for rental or purchase of land or for payment of taxes.

"Sec. 105. Conditions applicable to military assistance: (a) Military assistance may be furnished under this chapter to any nation whose increased ability to defend itself the President shall have determined to be important to the security of the United States and which is otherwise eligible to receive such assistance. Equipment and materials furnished under this chapter shall be made available solely to maintain the internal security and legitimate self-defense of the recipient nation, or to permit it to participate in the defense of its area or in collective security arrangements and measures consistent with the Charter of the United Nations. The President shall be satisfied that such equipment and materials will not be used to undertake any act of aggression against any nation.

"(b) In addition to the authority and limitations contained in the preceding subsection, the following provisions shall apply to particular areas:

"(1) In order to promote an integrated defense of the North Atlantic area and to support concrete measures for political federation, military integration, and economic unification in Europe, equipment and materials of the value programmed for fiscal years 1954 and 1955 for nations signing the treaty constituting the European Defense Community shall, pending the coming into force of the treaty, be delivered only to such of these nations as have ratified the treaty, and have joined together in or are developing collective defense programs in a manner satisfactory to the United States as determined by the President.

"(2) Military assistance furnished to any nation in the Near East, Africa, and South Asia to permit it to participate in the defense of its area shall be furnished only in accordance with plans and arrangements which shall have been found by the President to require the recipient nation to take an important part therein.

"(3) In furnishing military assistance in the Far East and the Pacific and in carrying out the provisions of section 121 of this Act, the President shall give the fullest assistance, as far as possible directly, to the free peoples in that area, including the Associated States of Cambodia, Laos, and Vietnam, in their creation of a joint organization, consistent with the Charter of the United Nations, to establish a program of self-help and mutual cooperation designed to develop their economic and social well-being, to safeguard basic rights and liberties, and to protect their security and independence.

"(4) Military assistance may be furnished to the other American Republics only in accordance with defense plans which shall have been found by the President to require the recipient nation to participate in missions

important to the defense of the Western Hemisphere.

"(c) The Secretary of Defense shall insure that the value (as determined pursuant to section 545) of equipment, materials, and services heretofore furnished under military assistance programs authorized by Acts repealed by this Act or hereafter furnished pursuant to section 103 (a) to nations or organizations in each of the four areas named in this subsection shall not exceed the total of the funds heretofore made available for military assistance in that area pursuant to Acts repealed by this Act plus the amount herein specified for that area:

"(1) In the European area (excluding Greece and Turkey), \$617,500,000.

"(2) In the Near East (including Greece and Turkey), Africa, and South Asia, \$181,200,000.

"(3) In the Far East and the Pacific, \$583,600,000.

"(4) In the Western Hemisphere, \$13,000,000.

"(d) Whenever the President determines it to be necessary for the purpose of this title, equipment, materials, and services of a value not to exceed 15 per centum of the sum of (1) that portion of the unexpended balances referred to in section 103 (a) which was available on June 30, 1954, to furnish assistance in any of the areas named in subsection (c) of this section, and (2) the amount specified in the applicable paragraph of subsection (c) of this section for additional assistance in such area, may be furnished in any other such area or areas, notwithstanding the limitations set forth in subsection (c) of this section. Funds heretofore obligated or programed or hereafter made available solely for the purpose of section 104 (pertaining to infrastructure) shall not be included in the total fixed for each such area. Funds heretofore appropriated for military assistance in a particular geographic area but transferred from such use under section 513 of the Mutual Security Act of 1951, as amended, or under section 408 (c) of the Mutual Defense Assistance Act, shall be included in the total for the area for the benefit of which such transfer was made, and not in the total for the area from which the transfer was made.

"Sec. 106. Sale of military equipment, materials, and services: (a) The President may, in order to carry out the purpose of this chapter, sell or enter into contracts (without requirement for charge to any appropriation or contract authorization) for the procurement for sale of equipment, materials, or services to any nation or international organization: *Provided*, That prior to the transfer of any such equipment, materials, or services to any nation which has not signed an agreement under section 142 of this Act or joined with the United States in a regional collective defense arrangement, the President shall have received commitments satisfactory to him that such equipment, materials, or services are required for and will be used by such nation solely to maintain its internal security, its legitimate self-defense, or to permit it to participate in the defense of the area of which it is a part, or in collective security arrangements and measures consistent with the Charter of the United Nations, and that it will not undertake any act of aggression against any other state.

"(b) Whenever equipment or materials are sold from the stocks of or services are rendered by any United States Government agency to any nation or international organization as provided in subsection (a), such nation or international organization shall first make available the fair value, as determined by the President, of such equipment, materials, or services before delivery or, when the President determines it to be in the best interests of the United States, within sixty days thereafter or, as deter-

mined by the President, within a reasonable period not to exceed three years. The fair value for the purpose of this subsection shall not be less than the value as defined in subsection (h) of section 545: *Provided*, That with respect to excess equipment or materials the fair value may not be determined to be less than (i) the minimum value specified in that subsection plus the scrap value, or (ii) the market value, if ascertainable, whichever is the greater. Before a contract for new production is entered into, or rehabilitation work is undertaken, such nation or international organization shall (A) provide the United States with a dependable undertaking to pay the full amount of such contract or the cost of such rehabilitation which will assure the United States against any loss on the contract or rehabilitation work, and (B) shall make funds available in such amounts and at such times as may be necessary to meet the payments required by the contract or the rehabilitation work in advance of the time such payments are due, in addition to the estimated amount of any damages and costs that may accrue from the cancellation of such contract or rehabilitation work.

"(c) Sections 105, 141, and 142 shall not apply with respect to assistance furnished under this section.

"Sec. 107. Waivers of law: (a) The President may perform any of the functions authorized under this chapter without regard to (1) the provisions of title 10, United States Code, section 1262 (a), and title 34, United States Code, section 546 (e); and (2) such provisions as he may specify of the joint resolution of November 4, 1939 (54 Stat. 4), as amended.

"(b) Notwithstanding the provisions of Revised Statutes 1222 (10 U. S. C. 576), personnel of the Department of Defense may be assigned or detailed to any civil office for the purpose of enabling the President to furnish assistance under this Act.

"Sec. 108. Transfer of military equipment to Japan: In addition to any program of military assistance for which funds may be appropriated pursuant to this Act, the President is hereby authorized to transfer to the Government of Japan, until June 30, 1955, upon such terms and conditions as he may specify, and upon its request, United States military equipment and supplies programed for Japan to meet its internal security requirements for which Department of Defense appropriations were obligated prior to July 1, 1953. No appropriation shall be requested to replace the military equipment and supplies so transferred, and no funds heretofore or hereafter appropriated for the purpose of this chapter shall be available for reimbursement to any United States Government agency on account of any transfer made pursuant to this section.

"Chapter 2—Southeast Asia and the Western Pacific, and direct forces support

"Sec. 121. Southeast Asia and the Western Pacific: There is hereby authorized to be appropriated to the President for the fiscal year 1955, to be made available on such terms and conditions, including transfer of funds, as he may specify, not to exceed \$700,000,000 for expenses necessary for the support of the forces of nations in the area of Southeast Asia, including the furnishing, as far as possible, of direct assistance to the Associated States of Cambodia, Laos, and Vietnam as well as to the forces of other free nations in the area including those of France located in such Associated States and for other expenditures to accomplish in Southeast Asia and the Western Pacific the policies and purposes declared in this Act. In addition, the unexpended balances of funds allocated from appropriations made pursuant to sections 304 and 540 of the Mutual Security Act of 1951, as amended, for the purpose of support of the forces of

the Associated States of Cambodia, Laos, and Vietnam and the forces of France located in the Associated States, are hereby authorized to be continued available for the purpose of this section through June 30, 1955, and to be consolidated with the appropriation authorized by this section. Assistance under this section shall be made available subject to the provisions of sections 141 and 142, except that (1) in the case of assistance to the Associated States of Cambodia, Laos, and Vietnam, and (2) in the case of assistance (not to exceed in the aggregate 10 per centum of the amount appropriated pursuant to this section, excluding unexpended balances of prior appropriations) to other nations, the President may waive specific provisions of section 142 to the extent he may deem necessary in the national interest to carry out the purposes of this Act. The President or such officer as he may designate shall report each instance of such waiver to the Foreign Relations, Appropriations, and Armed Services Committees of the Senate and the Foreign Affairs, Appropriations, and Armed Services Committees of the House of Representatives within thirty days.

"It is the sense of the Congress that no part of the funds appropriated under this section shall be used on behalf of governments which are committed by treaty to maintain Communist rule over any defined territory of Asia.

"SEC. 122. Production for forces support: There is hereby authorized to be appropriated to the President for the fiscal year 1955, to be made available on such terms and conditions, including transfer of funds, as he may specify, not to exceed \$35,000,000 for manufacture in the United Kingdom of military aircraft required by United Kingdom forces for the defense of the North Atlantic area. In addition, unexpended balances of appropriations made pursuant to section 102 of the Mutual Security Act of 1951, as amended, are hereby authorized to be continued available for their original purposes through June 30, 1955, and the unexpended balance of the appropriation made pursuant to the second clause of that section is authorized to be consolidated with the appropriation authorized by this section.

"SEC. 123. Common use items: There is hereby authorized to be appropriated to the President for the fiscal year 1955 not to exceed \$60,000,000 for the provision of any common-use equipment, materials, commodities, or services which are to be used by military forces of nations receiving assistance under chapter 1 of this title. Programs authorized by this section shall be administered in accordance with the provisions of chapter 1 or chapter 3 of this title.

"Chapter 3—Defense support

"SEC. 131. General authority: (a) The President is hereby authorized to receive military assistance under chapter 1 of this title, or to nations which have joined with the United States in a regional collective defense arrangement, commodities, services, and financial and other assistance designed to sustain and increase military effort. In furnishing such assistance, the President may provide for the procurement and transfer from any source of any commodity or service (including processing, storing, transporting, marine insurance, and repairing) or any technical information and assistance.

"(b) There is hereby authorized to be appropriated to the President for the fiscal year 1955 to carry out the provisions of this section, not to exceed—

"(1) \$46,000,000 for Europe (excluding Greece and Turkey);

"(2) \$73,000,000 for the Near East (including Greece and Turkey), Africa, and South Asia; and

"(3) \$80,098,195 for the Far East and the Pacific.

In addition, unexpended balances of appropriations heretofore made pursuant to section 541 of the Mutual Security Act of 1951, as amended, are hereby authorized to be continued available for the purpose of this subsection through June 30, 1955, and to be consolidated with the appropriation authorized for the same area by this subsection: *Provided*, That portions of such unexpended balances which have been allocated for assistance for Greece and Turkey shall be consolidated with the appropriation authorized by paragraph (2) of this subsection.

"SEC. 132. Korean program: (a) There is hereby authorized to be appropriated to the President for the fiscal year 1955 not to exceed \$205,000,000 to be expended, upon terms and conditions specified by the President, for defense support, relief and rehabilitation, and other necessary assistance (including payment of ocean freight charges on shipments for relief and rehabilitation, without regard to section 409 of this Act) in those parts of Korea which the President shall have determined to be not under Communist control. In addition, unexpended balances of funds heretofore allocated for the purpose of relief and rehabilitation in Korea pursuant to the paragraph entitled "Relief and Rehabilitation in Korea", chapter VII, Supplemental Appropriation Act, 1954, and unobligated balances of the appropriation for "Civilian Relief in Korea", title III, Department of Defense Appropriation Act, 1954, are hereby authorized to be continued available for the purposes of this subsection through June 30, 1955, and to be consolidated with the appropriation authorized by this subsection.

"(b) (1) Notwithstanding the provisions of any other law, the President is authorized, at any time prior to twenty-four months from the date of enactment of this Act, to transfer to the Republic of Korea, by sale or charter and on such terms and conditions as he may specify, not more than eight C1-M-AV1 vessels. Any agency of the United States Government owning or operating such vessels is authorized to make such vessels available for the purpose of this subsection: *Provided*, That if after investigation it is determined by the President that there are privately owned C1-M-AV1 vessels offered and available for sale by American citizens as defined in section 2 of the Shipping Act, 1916, as amended, at prices equal to or less than those provided for in subsection (b) (2) below, such vessels shall be acquired by an owning or operating agency designated by the President for the purpose of this subsection. Funds made available pursuant to subsection (a) of this section shall be available for the purpose of this subsection.

"(2) Such transfers shall be made at prices determined under section 3 of the Merchant Ship Sales Act of 1946 (50 U. S. C., App. 1736): *Provided*, That such vessels shall be placed in class in accordance with minimum requirements of the American Bureau of Shipping by the owning or operating agency, and the expense of placing in class shall be reimbursed to such agency.

"(c) There is hereby authorized to be appropriated for the fiscal year 1955 not to exceed \$3,452,615 for making contributions to the United Nations Korean Reconstruction Agency or expenditure through such other agency for relief and rehabilitation in Korea as the President may direct. In addition, the unexpended balance of the appropriation made pursuant to the last sentence of section 303 (a) of the Mutual Security Act of 1951, as amended, is hereby authorized to be continued available for the purpose of this subsection through June 30, 1955, and to be consolidated with the appropriation authorized by this subsection. Sections 141

and 142 of this act shall not apply with respect to assistance furnished under this subsection.

"(d) To the extent necessary to accomplish the purposes of this section (1) assistance may be furnished under this section without regard to the other provisions of this title and (2) the authority provided in section 307 may be exercised in furnishing assistance under subsection (a) of this section.

"Chapter 4—General provisions relating to mutual defense assistance

"SEC. 141. Conditions of eligibility for assistance: No assistance shall be furnished under this title to any nation or organization unless the President shall have found that furnishing such assistance will strengthen the security of the United States and promote world peace. No such assistance shall be furnished to a nation unless it shall have agreed to the provisions required by section 142, and such additional provisions as the President deems necessary to effectuate the policies and provisions of this title and to safeguard the interests of the United States.

"SEC. 142. Agreements: No assistance shall be furnished to any nation under this title unless such nation shall have agreed to—

"(1) join in promoting international understanding and good will, and maintaining world peace;

"(2) take such action as may be mutually agreed upon to eliminate causes of international tension;

"(3) fulfill the military obligations, if any, which it has assumed under multilateral or bilateral agreements or treaties to which the United States is a party;

"(4) make, consistent with its political and economic stability, the full contribution permitted by its manpower, resources, facilities, and general economic condition to the development and maintenance of its own defensive strength and the defensive strength of the free world;

"(5) take all reasonable measures which may be needed to develop its defense capacities;

"(6) take appropriate steps to insure the effective utilization of the assistance furnished under this title in furtherance of the policies and purposes of this title;

"(7) impose appropriate restrictions against transfer of title to or possession of any equipment and materials, information, or services furnished under chapter 1 of this title, without the consent of the President;

"(8) maintain the security of any article, service, or information furnished under chapter 1 of this title;

"(9) furnish equipment and materials, services, or other assistance consistent with the Charter of the United Nations, to the United States or to and among other nations to further the policies and purpose of chapter 1 of this title;

"(10) permit continuous observation and review by United States representatives of programs of assistance authorized under this title, including the utilization of any such assistance, or provide the United States with full and complete information with respect to these matters, as the President may require; and

"(11) in cases where any commodity is furnished on a grant basis under any provision of this Act other than chapter 1 of title I under arrangements which will result in the accrual of proceeds to the recipient nation from the import or sale thereof, establish a Special Account, and—

"(i) deposit in the Special Account, under such terms and conditions as may be agreed upon, currency of the recipient nation in amounts equal to such proceeds;

"(ii) make available to the United States such portion of the Special Account as may be determined by the President to be necessary for the requirements of the United

States: *Provided*, That such portion shall not be less than 10 per centum in the case of any country to which such minimum requirement has been applicable under any Act repealed by this Act; and

"(iii) utilize the remainder of the Special Account for programs agreed to by the United States to carry out the purposes for which new funds authorized by this Act would themselves be available.

Any unencumbered balances of funds which remain in the Account upon termination of assistance to such nation under this Act shall be disposed of for such purposes as may, subject to approval by Act or joint resolution of the Congress, be agreed to between such country and the Government of the United States.

"TITLE II—DEVELOPMENT ASSISTANCE

"SEC. 201. Authorization: (a) There is hereby authorized to be appropriated to the President for the fiscal year 1955, not to exceed—

"(1) \$115,000,000 for assistance designed to promote the economic development of the Near East and Africa, and for other types of assistance designed to help maintain economic and political stability in the area;

"(2) \$75,000,000 for assistance designed to promote the economic development of South Asia and to assist in maintaining economic and political stability in the area; and

"(3) \$9,000,000 for assistance designed to promote economic development in the other American Republics and non-self-governing territories of the Western Hemisphere.

Such assistance may be furnished on such terms and conditions as the President may specify, except that 30 per centum of the funds appropriated pursuant to this subsection shall be available only for furnishing assistance on terms of repayment in accordance with section 505.

"(b) In addition, unexpended balances of appropriations heretofore made pursuant to sections 206 and 302 (b) of the Mutual Security Act of 1951, as amended, and unexpended balances of funds allocated to the emergency economic aid program for Bolivia are hereby authorized to be continued available for the purposes of this section through June 30, 1955, and to be consolidated with the appropriations authorized by paragraphs (1), (2), and (3) of subsection (a) of this section, respectively.

"SEC. 202. Administration: Except as necessary to accomplish the purposes of section 201, programs of assistance authorized by that section shall be administered in accordance with sections 303 and 308 (relating to technical cooperation).

"TITLE III—TECHNICAL COOPERATION

"SEC. 301. Declaration of purpose: It is the policy of the United States and the purpose of this title to aid the efforts of the peoples of economically underdeveloped areas to develop their resources and improve their working and living conditions by encouraging the exchange of technical knowledge and skills and the flow of investment capital to countries which provide conditions under which such technical assistance and capital can effectively and constructively contribute to raising standards of living, creating new sources of wealth, increasing productivity and expanding purchasing power.

"SEC. 302. General authority and definition: The President is authorized to furnish assistance in accordance with the provisions of this title through bilateral technical cooperation programs. As used in this title, the term 'technical cooperation programs' means programs for the international interchange of technical knowledge and skills designed to contribute primarily to the balanced and integrated development of the economic resources and productive capacities of economically underdeveloped areas. Such activities shall be limited to economic, engi-

neering, medical, educational, labor, agricultural, forestry, fishery, mineral, and fiscal surveys, demonstration, training, and similar projects that serve the purpose of promoting the development of economic resources, productive capacities, and trade of economically underdeveloped areas, and training in public administration. The term 'technical cooperation programs' does not include such activities authorized by the United States Information and Educational Exchange Act of 1948 (62 Stat. 6) as are not primarily related to economic development, nor activities undertaken now or hereafter pursuant to the International Aviation Facilities Act (62 Stat. 450), nor activities undertaken now or hereafter in the administration of areas occupied by the United States Armed Forces.

"SEC. 303. Prerequisites to assistance: Assistance shall be made available under section 302 of this Act only where the President determines that the nation being assisted—

"(a) pays a fair share of the cost of the program;

"(b) provides all necessary information concerning such program and gives the program full publicity;

"(c) seeks to the maximum extent possible full coordination and integration of technical cooperation programs being carried on in that nation;

"(d) endeavors to make effective use of the results of the program; and

"(e) cooperates with other nations participating in the program in the mutual exchange of technical knowledge and skills.

"SEC. 304. Authorization: There is hereby authorized to be appropriated to the President for the fiscal year 1955, \$88,570,000 for technical cooperation programs in the Near East, Africa, South Asia, and Far East and Pacific, and \$28,500,000 for such programs in Latin America. In addition, unexpended balances of appropriations heretofore made pursuant to section 543 of the Mutual Security Act of 1951, as amended, are authorized to be continued available for the purposes of this section through June 30, 1955, and to be consolidated with the appropriation authorized by this section.

"SEC. 305. Limitation on use of funds: Funds made available under section 304 may be expended to furnish assistance in the form of equipment or commodities only where necessary for instruction or demonstration purposes.

"SEC. 306. Multilateral technical cooperation: As one means of accomplishing the purposes of this title, the United States is authorized to participate in multilateral technical cooperation programs carried on by the United Nations, the Organization of American States, their related organizations, and other international organizations, wherever practicable. There is hereby authorized to be appropriated to carry out the purpose of this section, in addition to the amounts authorized by section 304, not to exceed—

"(a) \$17,958,000 for making contributions to the United Nations Expanded Program of Technical Assistance;

"(b) \$1,500,000 for making contributions to the technical cooperation program of the Organization of American States.

"SEC. 307. Advances and grants; contracts: The President may make advances and grants-in-aid of technical cooperation programs to any person, corporation, or other body of persons or to any foreign government agency. The President may make and perform contracts and agreements in respect of technical cooperation programs on behalf of the United States Government with any person, corporation, or other body of persons however designated, whether within or without the United States, or with any foreign government or foreign government agency. A contract or agreement which entails commitments for the expenditure of funds appropriated pursuant to this title may, sub-

ject to any future action of the Congress, run for not to exceed three years.

"SEC. 308. International Development Advisory Board: There shall be an advisory board, referred to in this section as the 'Board', which shall advise and consult with the President, or such other officer as he may designate to administer this title, with respect to general or basic policy matters arising in connection with the operation of programs authorized by this title, title II, and section 413 (b). The Board shall consist of not more than thirteen members appointed by the President, one of whom, by and with the advice and consent of the Senate, shall be appointed by him as chairman. The members of the Board shall be broadly representative of voluntary agencies and other groups interested in the programs, including business, labor, agriculture, public health, and education. All members of the Board shall be citizens of the United States; none except the chairman shall be an officer or an employee of the United States (including any United States Government agency) who as such regularly receives compensation for current services. Members of the Board, other than the chairman if he is an officer of the United States Government, shall receive out of funds made available for the purpose of this title a per diem allowance of \$50 for each day spent away from their homes or regular places of business for the purpose of attendance at meetings of the Board or at conferences held upon the call of the chairman, and in necessary travel, and while so engaged they may be paid actual travel expenses and not to exceed \$10 per diem in lieu of subsistence and other expenses.

"TITLE IV—OTHER PROGRAMS

"SEC. 401. Special fund: Of the funds made available under this Act, not to exceed \$150,000,000 may be used in any fiscal year, without regard to the requirements of this Act or any other Act for which funds are authorized by this Act, in furtherance of any of the purposes of such Acts, when the President determines that such use is important to the security of the United States. Not to exceed \$100,000,000 of the funds available under this section may be expended for any selected persons who are residing in or escapees from the Soviet Union, Poland, Czechoslovakia, Hungary, Rumania, Bulgaria, Albania, Lithuania, Latvia, and Estonia or the Communist-dominated or Communist-occupied areas of Germany and Austria, or any Communist-dominated or Communist-occupied areas of Asia and any other countries absorbed by the Soviet Union, either to form such persons into elements of the military forces supporting the North Atlantic Treaty Organization or for other purposes, when the President determines that such assistance will contribute to the defense of the North Atlantic area or to the security of the United States. Certification by the President that he has expended amounts under this section not in excess of \$50,000,000, and that it is inadvisable to specify the nature of such expenditures, shall be deemed a sufficient voucher for such amounts. Not more than \$20,000,000 of the funds available under this section may be allocated to any one nation in any fiscal year.

"SEC. 402. Earmarking of funds: Of the funds authorized to be made available pursuant to this Act not less than \$350,000,000 shall be used to finance the export and sale for foreign currencies of surplus agricultural commodities or products thereof produced in the United States, in addition to surplus agricultural commodities or products transferred pursuant to the Agricultural Trade Development and Assistance Act of 1954, and in accordance with the standards as to pricing and the use of private trade channels expressed in section 101 of said Act. Foreign currency proceeds accruing from such sales shall be used for the purposes of this Act and with particular em-

phasis on the purposes of section 104 of the Agricultural Trade Development and Assistance Act of 1954 which are in harmony with the purposes of this Act. Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, the President may use or enter into agreements with friendly nations or organizations of nations to use for such purposes the foreign currencies which accrue to the United States under this section.

"SEC. 403. Special assistance in joint control areas: The President is hereby authorized to furnish commodities, services, and financial and other assistance to nations and areas for which the United States has responsibility as a result of participation in joint control arrangements where found by the President to be in the interest of the security of the United States. There is hereby authorized to be appropriated to the President for the fiscal year 1955 not to exceed \$25,000,000 to carry out this section.

"SEC. 404. Responsibilities in Germany: Upon approval by the Secretary of State, a part of the German currency now or hereafter deposited under the bilateral agreement of December 15, 1949, between the United States and the Federal Republic of Germany (or any supplementary or succeeding agreement) shall be deposited in the GARIOA (Government and Relief in Occupied Areas) Special Account under the terms of article V of that agreement, and currency which has been or may be deposited in said account, and any portion of funds made available for assistance to the Federal Republic of Germany pursuant to section 403 of this Act, may be used for expenses necessary to meet the responsibilities or objectives of the United States in Germany, including responsibilities arising under the supreme authority assumed by the United States on June 5, 1945, and under contractual arrangements with the Federal Republic of Germany. Expenditures may be made under authority of this section in amounts and under conditions determined by the Secretary of State after consultation with the official primarily responsible for administration of programs under chapter 3 of title I, and without regard to any provision of law which the President determines must be disregarded in order to meet such responsibilities or objectives.

"SEC. 405. Movement of migrants and refugees: (a) The President is hereby authorized to continue membership for the United States on the Intergovernmental Committee for European Migration in accordance with its constitution approved in Venice, Italy, on October 19, 1953. For the purpose of assisting in the movement of migrants, there is hereby authorized to be appropriated not to exceed \$11,189,190 for contributions during the calendar year 1955 to the Intergovernmental Committee for European Migration, and thereafter such amounts as may be necessary from time to time for the payment by the United States of its contributions to the Committee and all necessary salaries and expenses incident to United States participation in the Committee. In addition, the unexpended balance of the appropriation made pursuant to section 534 of the Mutual Security Act of 1951, as amended, is hereby authorized to be continued available for the purpose of this subsection through June 30, 1955, and to be consolidated with the appropriation authorized in this subsection.

"(b) Of the funds made available under this Act, not more than \$800,000 may be used by the President to facilitate the migration to the other American Republics of persons resident in that portion of the Ryukyu Island Archipelago under United States control.

"(c) There is hereby authorized to be appropriated for the fiscal year 1955 not to

exceed \$500,000 for contributions to the United Nations Refugee Emergency Fund.

"SEC. 406. Children's welfare: There is hereby authorized to be appropriated not to exceed \$13,500,000 for contributions during the fiscal year 1955 to the United Nations Children's Fund.

"SEC. 407. Palestine refugees in the Near East: There is hereby authorized to be appropriated to the President for the fiscal year 1955, not to exceed \$30,000,000, to be used to make contributions to the United Nations Relief and Works Agency for Palestine Refugees in the Near East. In addition, the unexpended balance of the appropriation made for the Palestine refugee program in the Mutual Security Appropriation Act, 1954, is hereby authorized to be continued available for the purpose of this section through June 30, 1955. Whenever the President shall determine that it would more effectively contribute to the relief, rehabilitation, and resettlement of Palestine refugees in the Near East, he may expend any part of the funds made available pursuant to this section through any other agency he may designate.

"SEC. 408. North Atlantic Treaty Organization: (a) In order to provide for United States participation in the North Atlantic Treaty Organization, there is hereby authorized to be appropriated for the fiscal year 1955 not to exceed \$3,200,000 for payment by the United States of its share of the expenses of the Organization, and thereafter such amounts as may be necessary from time to time for the payment by the United States of its share of the expenses of the Organization and all necessary salaries and expenses of the United States permanent representative to the Organization, or such persons as may be appointed to represent the United States in the subsidiary bodies of the Organization or in any multilateral organization which participates in achieving the aims of the North Atlantic Treaty, and of their appropriate staffs, and the expenses of participation in meetings of such organizations, including salaries, expenses, and allowances of personnel and dependents as authorized by the Foreign Service Act of 1946, as amended (22 U. S. C. 801), and allowances and expenses as provided in section 6 of the Act of July 30, 1946 (22 U. S. C. 287r).

"(b) The United States permanent representative to the North Atlantic Treaty Organization shall be appointed by the President by and with the advice and consent of the Senate and shall hold office at the pleasure of the President. Such representative shall have the rank and status of ambassador extraordinary and plenipotentiary and shall be a chief of mission, class 1, within the meaning of the Foreign Service Act of 1946, as amended (22 U. S. C. 801).

"(c) Persons detailed to the international staff of the North Atlantic Treaty Organization in accordance with section 529 of this Act who are appointed as Foreign Service Reserve officers may serve for periods of more than four years notwithstanding the limitation in section 522 of the Foreign Service Act of 1946, as amended (22 U. S. C. 922).

"SEC. 409. Ocean freight charges: (a) In order to further the efficient use of United States voluntary contributions for relief and rehabilitation in nations and areas eligible for assistance under this Act, the President may pay ocean freight charges from United States ports to designated ports of entry of such nations and areas on shipments by United States voluntary nonprofit relief agencies registered with and approved by the Advisory Committee on Voluntary Foreign Aid and shipments by the American Red Cross.

"(b) Where practicable the President shall make arrangements with the receiving nation for free entry of such shipments and for the making available by that nation of local cur-

rencies for the purpose of defraying the transportation cost of such shipments from the port of entry of the receiving nation to the designated shipping point of the consignee.

"(c) There is hereby authorized to be appropriated to the President for the fiscal year 1955 not to exceed \$4,400,000 to carry out the purposes of this section; and, in addition, unexpended balances of appropriations heretofore made pursuant to section 535 of the Mutual Security Act of 1951, as amended, are authorized to be continued available for the purposes of this section through June 30, 1955, and to be consolidated with the appropriation authorized in this section.

"(d) In addition, any funds made available under this Act may be used, in amounts determined by the President, to pay ocean freight charges on shipments of surplus agricultural commodities, including commodities made available pursuant to any Act for the disposal abroad of United States agricultural surpluses.

"SEC. 410. Control act expenses: There is hereby authorized to be appropriated to the President for the fiscal year 1955 not to exceed \$1,300,000 for carrying out the objectives of the Mutual Defense Assistance Control Act of 1951 (22 U. S. C. 1611). In addition, in accordance with section 303 of that Act, funds made available for carrying out chapter 1 of title I of this Act shall be available for carrying out the purpose of this section in such amounts as the President may direct.

"SEC. 411. Administrative expenses: (a) Whenever possible, the expenses of administration of this Act shall be paid for in the currency of the nation where the expense is incurred.

"(b) There is hereby authorized to be appropriated to the President for the fiscal year 1955 not to exceed \$34,700,000 for all necessary administrative expenses incident to carrying out the provisions of this Act other than chapter 1 of title I, including expenses for compensation, allowances and travel of personnel, including Foreign Service personnel whose services are utilized primarily for the purposes of this Act, and, without regard to the provisions of any other law, for printing and binding, and for expenditures outside the continental limits of the United States for the procurement of supplies and services and for other administrative purposes (other than compensation of personnel) without regard to such laws and regulations governing the obligation and expenditure of Government funds as may be necessary to accomplish the purposes of this Act.

"SEC. 412. Chinese and Korean students: Funds heretofore allocated to the Secretary of State pursuant to the last proviso of section 202 of the China Area Aid Act of 1950 (22 U. S. C. 1547) shall continue to be available until expended, under such regulations as the Secretary of State may prescribe, using private agencies to the maximum extent practicable, for necessary expenses of tuition, subsistence, transportation, and emergency medical care for selected citizens of China and of Korea for studying or teaching in accredited colleges, universities, or other educational institutions in the United States approved by the Secretary of State for the purpose, or for research and related academic and technical activities in the United States, and such selected citizens of China who have been admitted for the purpose of study in the United States shall be granted permission to accept employment upon application filed with the Commissioner of Immigration and Naturalization pursuant to regulations promulgated by the Attorney General.

"SEC. 413. Encouragement of free enterprise and private participation: (a) The Congress recognizes the vital role of free enterprise in achieving rising levels of produc-

tion and standards of living essential to the economic progress and defensive strength of the free world. Accordingly, it is declared to be the policy of the United States to encourage the efforts of other free nations to increase the flow of international trade, to foster private initiative and competition, to discourage monopolistic practices, to improve the technical efficiency of their industry, agriculture and commerce, and to strengthen free labor unions; and to encourage the contribution of United States enterprise toward the economic strength of other free nations, through private trade and investment abroad, private participation in the programs carried out under this Act (including the use of private trade channels to the maximum extent practicable in carrying out such programs), and exchange of ideas and technical information on the matters covered by this section.

"(b) In order to encourage and facilitate participation by private enterprise to the maximum extent practicable in achieving any of the purposes of this Act, the President—

"(1) shall make arrangements to find and draw the attention of private enterprise to opportunities for investment and development in other free nations;

"(2) shall accelerate a program of negotiating treaties for commerce and trade, including tax treaties, which shall include provisions to encourage and facilitate the flow of private investment to nations participating in programs under this Act;

"(3) shall, consistent with the security and best interests of the United States, seek compliance by other countries or a dependent area of any country with all treaties for commerce and trade and taxes and shall take all reasonable measures under this Act or other authority to secure compliance therewith and to assist United States citizens in obtaining just compensation for losses sustained by them or payments exacted from them as a result of measures taken or imposed by any country or dependent area thereof in violation of any such treaty; and

"(4) may make, until June 30, 1957, under rules and regulations prescribed by him, guaranties to any person of investments in connection with projects, including expansion, modernization, or development of existing enterprises, in any nation with which the United States has agreed to institute the guaranty program: *Provided, That—*

"(A) such projects shall be approved by the President as furthering any of the purposes of this Act, and by the nation concerned;

"(B) the guaranty to any person shall be limited to assuring any or all of the following:

"(i) the transfer into United States dollars of other currencies, or credits in such currencies, received by such person as earnings or profits from the approved project, as repayment or return of the investment therein, in whole or in part, or as compensation for the sale or disposition of all or any part thereof;

"(ii) the compensation in United States dollars for loss of all or any part of the investment in the approved project which shall be found by the President to have been lost to such person by reason of expropriation or confiscation by action of the government of a foreign nation;

"(C) when any payment is made to any person pursuant to a guaranty as hereinbefore described, the currency, credits, assets, or investment on account of which such payment is made shall become the property of the United States Government, and the United States Government shall be subrogated to any right, title, claim or cause of action existing in connection therewith;

"(D) the guaranty to any person shall not exceed the amount of dollars invested in the project by such person with the approval of

the President plus actual earnings or profits on said project to the extent provided by such guaranty, and shall be limited to a term not exceeding twenty years from the date of issuance;

"(E) a fee shall be charged in an amount not exceeding 1 per centum per annum of the amount of each guaranty under clause (i) of subparagraph (B), and not exceeding 4 per centum per annum of the amount of each guaranty under clause (ii) of such subparagraph, and all fees collected hereunder shall be available for expenditure in discharge of liabilities under guaranties made under this section until such time as all such liabilities have been discharged or have expired, or until all such fees have been expended in accordance with the provisions of this section;

"(F) the President is authorized to issue guaranties up to a total of \$200,000,000: *Provided, That* any funds allocated to a guaranty or remaining after all liability of the United States assumed in connection therewith has been released, discharged, or otherwise terminated, shall be available for allocation to other guaranties, the foregoing limitation notwithstanding. Any payments made to discharge liabilities under guaranties issued under this subsection shall be paid out of fees collected under subparagraph (E) as long as such fees are available, and thereafter shall be paid out of funds realized from the sale of notes which have been issued under authority of paragraph 111 (c) (2) of the Economic Cooperation Act of 1948, as amended, when necessary to discharge liabilities under any such guaranty;

"(G) the guaranty program authorized by this paragraph shall be used to the maximum practicable extent and shall be administered under broad criteria so as to facilitate and increase the participation of private enterprise in achieving any of the purposes of this Act;

"(H) as used in this paragraph—

"(i) the term 'person' means a citizen of the United States or any corporation, partnership, or other association created under the law of the United States or of any State or Territory and substantially beneficially owned by citizens of the United States, and

"(ii) the term 'investment' includes any contribution of capital goods, materials, equipment, services, patents, processes, or techniques by any person in the form of (1) a loan or loans to an approved project, (2) the purchase of a share of ownership in any such project, (3) participation in royalties, earnings, or profits of any such project, and (4) the furnishing of capital goods items and related services pursuant to a contract providing for payment in whole or in part after the end of the fiscal year in which the guaranty of such investment is made.

"SEC. 414. Munitions control: (a) The President is authorized to control, in furtherance of world peace and the security and foreign policy of the United States, the export and import of arms, ammunition, and implements of war, including technical data relating thereto, other than by a United States Government agency. The President is authorized to designate those articles which shall be considered as arms, ammunition, and implements of war, including technical data relating thereto, for the purposes of this section.

"(b) As prescribed in regulations issued under this section, every person who engages in the business of manufacturing, exporting, or importing any arms, ammunition, or implements of war, including technical data relating thereto, designated by the President under subsection (a) shall register with the United States Government agency charged with the administration of this section and, in addition, shall pay a registration fee which shall be prescribed by such regulations.

"(c) Any person who willfully violates any provision of this section or any rule or regulation issued under this section, or who willfully, in a registration or license application, makes any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading, shall upon conviction be fined not more than \$25,000 or imprisoned not more than two years, or both.

"SEC. 415. Assistance to international organization: Whenever it will assist in achieving purposes declared in this Act, the President is authorized to use funds available under sections 131 and 403 in order to furnish assistance, including by transfer of funds, directly to the North Atlantic Treaty Organization, for a strategic stockpile of foodstuffs and other supplies, or for other purposes.

"SEC. 416. Facilitation and encouragement of travel: The President, through such officer or commission as he may designate, shall facilitate and encourage, without cost to the United States except for administrative expenses, the promotion and development of travel by citizens of the United States to and within countries receiving assistance under this Act and travel by citizens of such countries to the United States.

"SEC. 417. Irish counterpart: Pursuant to section 115 (b) (6) of the Economic Cooperation Act of 1948, as amended, the disposition within Ireland of the unencumbered balance, in the amount of approximately 6,000,000 Irish pounds, of the special account of Irish funds established under article IV of the Economic Cooperation Agreement between the United States of America and Ireland, dated June 28, 1948, for the purposes of—

"(1) scholarship exchange between the United States and Ireland;

"(2) other programs and projects (including the establishment of an Agricultural Institute) to improve and develop the agricultural production and marketing potential of Ireland and to increase the production and efficiency of Irish industry; and

"(3) development programs and projects in aid of the foregoing objectives,

is hereby approved, as provided in the agreement between the Government of the United States of America and the Government of Ireland, dated June 17, 1954.

"TITLE V—MISCELLANEOUS PROVISIONS

"Chapter 1. General provisions

"SEC. 501. Transferability of funds: Whenever the President determines it to be necessary for the purposes of this Act, not to exceed 10 per centum of the funds made available pursuant to any provision of this Act may be transferred to and consolidated with the funds made available pursuant to any other provision of this Act, and may be used for any of the purposes for which such funds may be used, except that the total in the provision for the benefit of which the transfer is made shall not be increased by more than 20 per centum of the amount made available for such provision pursuant to this Act. Funds transferred under this section to furnish military assistance under chapter 1 of title I may be expended without regard to the area limits imposed by section 105 (c). Of any funds transferred under this section for the purpose of furnishing assistance under section 201, 30 per centum shall be available only for furnishing assistance on terms of repayment in accordance with section 505.

"SEC. 502. Use of foreign currency: (a) Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, proceeds of sales made under section 550 of the Mutual Security Act of 1951, as amended, shall remain available and shall be used for any of the purposes

of this Act, giving particular regard to the following purposes—

"(1) for providing military assistance to nations or mutual defense organizations eligible to receive assistance under this Act;

"(2) for purchase of goods or services in friendly nations;

"(3) for loans, under applicable provisions of this Act, to increase production of goods or services, including strategic materials, needed in any nation with which an agreement was negotiated, or in other friendly nations, with the authority to use currencies received in repayment for the purposes stated in this section or for deposit to the general account of the Treasury of the United States;

"(4) for developing new markets on a mutually beneficial basis;

"(5) for grants-in-aid to increase production for domestic needs in friendly countries; and

"(6) for purchasing materials for United States stockpiles.

"(b) Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, local currencies owned by the United States shall be made available to appropriate committees of the Congress engaged in carrying out their duties under section 136 of the Legislative Reorganization Act of 1946, as amended, for their local currency expenses: *Provided*, That any such committee of the Congress which uses local currency shall make a full report thereof to the Committee on House Administration of the House of Representatives (if the committee using such currency is a committee of the House of Representatives) or to the Committee on Rules and Administration of the Senate (if the committee using such currency is a committee of the Senate), showing the total amount of such currency so used in each country and the purposes for which it was expended.

"SEC. 503. Termination of assistance: (a) If the President determines that the furnishing of assistance to any nation under any provision of this Act—

"(1) is no longer consistent with the national interest or security or the foreign policy of the United States; or

"(2) would no longer contribute effectively to the purposes for which such assistance is furnished; or

"(3) is no longer consistent with the obligations and responsibilities of the United States under the Charter of the United Nations,

he shall terminate all or part of any assistance furnished pursuant to this Act. If the President determines that any nation which is receiving assistance under chapter 1 of title I of this Act is not making its full contribution to its own defense or to the defense of the area of which it is a part, he shall terminate all or part of such assistance. Assistance to any nation under any provision of this Act may, unless sooner terminated by the President, be terminated by concurrent resolution. Funds made available under this Act shall remain available for twelve months from the date of termination under this subsection for the necessary expenses of liquidating assistance programs.

"(b) (1) After June 30, 1955, none of the authority conferred by this Act may be exercised for the purpose of carrying out any function authorized by title II; except that during the twelve months following such date (i) funds which have been obligated on or before that date shall remain available for expenditure, (ii) equipment, materials, commodities, and services with respect to which funds have been obligated on or before such date for procurement for, shipment to, or delivery in a recipient country may be transferred to such country, and (iii) funds appropriated under authority of this Act may be obligated (A) for the nec-

essary expenses of procurement, shipment, delivery, and other activities essential to such transfer and (B) for the necessary expenses of liquidating operations incident to such functions.

(2) At such time as the President shall find appropriate, the powers, duties, and authority conferred by this Act with respect to such function may be transferred for the purpose of liquidation to such other United States Government agencies as the President shall specify, and the relevant funds, records, property, and personnel may be transferred to the agencies to which the related functions are transferred.

"(c) Unless sooner abolished under section 525, the Foreign Operations Administration shall cease to exist at the close of June 30, 1955.

"SEC. 504. Small business: (a) Insofar as practicable and to the maximum extent consistent with the accomplishment of the purposes of this Act, the President shall assist American small business to participate equitably in the furnishing of commodities and services financed with funds authorized under titles II, III, and IV, and chapters 2 and 3 of title I, of this Act—

"(1) by causing to be made available to suppliers in the United States and particularly to small independent enterprises, information, as far in advance as possible, with respect to purchases proposed to be financed with such funds,

"(2) by causing to be made available to prospective purchasers in the nations receiving assistance under this Act information as to commodities and services produced by small independent enterprises in the United States, and

"(3) by providing for additional services to give small business better opportunities to participate in the furnishing of commodities and services financed with such funds.

"(b) There shall be an Office of Small Business, headed by a Special Assistant for Small Business, in such United States Government agency as the President may direct, to assist in carrying out the provisions of subsection (a) of this section.

"(c) The Secretary of Defense shall assure that there is made available to suppliers in the United States, and particularly to small independent enterprises, information with respect to purchases made by the Department of Defense pursuant to chapter 1 of title I, such information to be furnished as far in advance as possible.

"SEC. 505. Loan assistance: (a) Assistance under this Act may be furnished on a grant basis or on such terms, including cash, credit, or other terms of repayment (including repayment in foreign currencies or by transfer to the United States of materials required for stockpiling or other purposes) as may be determined to be best suited to the achievement of the purposes of this Act.

"(b) Of the funds made available pursuant to this Act and foreign currencies accruing to the United States under section 402, the equivalent of not less than \$200,000,000 shall be available only for the furnishing of assistance on terms of repayment. Funds for the purpose of furnishing assistance on terms of repayment shall be allocated to the Export-Import Bank of Washington, which shall, notwithstanding the provisions of the Export-Import Bank Act of 1945 (59 Stat. 526), as amended, make and administer the credit on such terms. Credits made by the Export-Import Bank of Washington with funds so allocated to it shall not be considered in determining whether the Bank has outstanding at any one time loans and guaranties to the extent of the limitation imposed by section 7 of the Export-Import Bank Act of 1945 (59 Stat. 529), as amended. Amounts received in repayment of principal and interest on any loan made under this section shall be held by the Treasury to be

used for such purposes, including further loans, as may be authorized from time to time by Congress. Amounts received in repayment of principal and interest on any credits made under paragraph 111 (c) (2) of the Economic Cooperation Act of 1948, as amended, shall be deposited into miscellaneous receipts of the Treasury, except that, to the extent required for such purpose, amounts received in repayment of principal and interest on any credits made out of funds realized from the sale of notes heretofore authorized to be issued for the purpose of financing assistance on a credit basis under paragraph 111 (c) (2) of the Economic Cooperation Act of 1948, as amended, shall be deposited into the Treasury for the purpose of the retirement of such notes.

"SEC. 506. Patents and technical information: (a) As used in this section—

"(1) the term 'invention' means an invention or discovery covered by a patent issued by the United States; and

"(2) the term 'information' means information originated by or peculiarly within the knowledge of the owner thereof and those in privity with him, which is not available to the public and is subject to protection as property under recognized legal principles.

"(b) Whenever, in connection with the furnishing of any assistance in furtherance of the purposes of this Act—

"(1) use within the United States, without authorization by the owner, shall be made of an invention; or

"(2) damage to the owner shall result from the disclosure of information by reason of acts of the United States or its officers or employees,

the exclusive remedy of the owner of such invention or information shall be by suit against the United States in the Court of Claims or in the District Court of the United States for the district in which such owner is a resident for reasonable and entire compensation for unauthorized use or disclosure. In any such suit the United States may avail itself of any and all defenses, general or special, that might be pleaded by any defendant in a like action.

"(c) Before such suit against the United States has been instituted, the head of the appropriate United States Government agency, which has furnished any assistance in furtherance of the purposes of this Act, is authorized and empowered to enter into an agreement with the claimant, in full settlement and compromise of any claim against the United States hereunder.

"(d) The provisions of the last sentence of section 1498 of title 28 of the United States Code shall apply to inventions and information covered by this section.

"(e) Except as otherwise provided by law, no recovery shall be had for any infringement of a patent committed more than six years prior to the filing of the complaint or counterclaim for infringement in the action, except that the period between the date of receipt by the Government of a written claim under subsection (c) above for compensation for infringement of a patent and the date of mailing by the Government of a notice to the claimant that his claim has been denied shall not be counted as part of the six years, unless suit is brought before the last-mentioned date.

"SEC. 507. Availability of funds: Except as otherwise provided in sections 104 (pertaining to infrastructure), 405 (pertaining to movement of migrants), 408 (a) (pertaining to North Atlantic Treaty Organization), and 412 (pertaining to Chinese and Korean students), funds shall be available to carry out the provisions of this Act (other than sections 414 and 416) as authorized and appropriated to the President each fiscal year.

"SEC. 508. Limitation on funds for propaganda: None of the funds herein authorized to be appropriated nor any counterpart funds

shall be used to pay for personal services or printing, or for other expenses of the dissemination within the United States of general propaganda in support of the mutual security program, or to pay the travel or other expenses outside the United States of any citizen or group of citizens of the United States for the purpose of publicizing such program within the United States.

"Sec. 509. Shipping on United States vessels: Such steps as may be necessary shall be taken to assure, as far as practicable, that at least 50 per centum of the gross tonnage of commodities, materials and equipment procured out of funds made available under sections 103, 123, 131, 132 (a), 201, 304, and 403 of this Act and transported to or from the United States on ocean vessels, computed separately for dry bulk carriers, dry cargo liner and tanker services and computed separately for section 103, and for sections 123, 131, 132 (a), 201, 304, and 403 (taken together) is so transported on United States flag commercial vessels to the extent such vessels are available at market rates for United States flag commercial vessels provided such rates are fair and reasonable; and, in the administration of this provision, steps shall be taken, insofar as practicable and consistent with the purpose of this Act, to secure a fair and reasonable participation by United States flag commercial vessels in cargoes by geographic area.

"Sec. 510. Purchase of commodities: No funds made available under title II or chapter 3 of title I of this Act shall be used for the purchase in bulk of any commodities at prices higher than the market price prevailing in the United States at the time of the purchase adjusted for differences in the cost of transportation to destination, quality, and terms of payment. A bulk purchase within the meaning of this section does not include the purchase of raw cotton in bales. Funds made available under title II or chapter 3 of title I of this Act may be used for the procurement of commodities outside the United States unless the President determines that such procurement will result in adverse effects upon the economy of the United States, with special reference to any areas of labor surplus, or upon the industrial mobilization base, which outweigh the economic advantages to the United States of less costly procurement abroad. In providing for the procurement of any surplus agricultural commodity for transfer by grant under this Act to any recipient nation in accordance with the requirements of such nation, the President shall, insofar as practicable and where in furtherance of the purposes of this Act, authorize the procurement of such surplus agricultural commodity only within the United States except to the extent that any such surplus agricultural commodity is not available in the United States in sufficient quantities to supply the requirements of the nations receiving assistance under this Act.

"Sec. 511. Retention and return of equipment: (a) No equipment or materials may be transferred under title I out of military stocks if the Secretary of Defense, after consultation with the Joint Chiefs of Staff, determines that such transfer would be detrimental to the national security of the United States, or that such equipment or materials are needed by the reserve components of the Armed Forces to meet their training requirements.

"(b) Any equipment, materials, or commodities procured to carry out this Act shall be retained by, or, upon reimbursement, transferred to and for the use of, such United States Government agency as the President may determine in lieu of being disposed of to a foreign nation or international organization whenever in the judgment of the President the best interests of the United States will be served thereby, or whenever such retention is called for by concurrent

resolution. Any commodities so retained may be disposed of without regard to provisions of law relating to the disposal of Government-owned property, when necessary to prevent spoilage or wastage of such commodities or to conserve the usefulness thereof. Funds realized from any such disposal or transfer shall revert to the respective appropriation or appropriations out of which funds were expended for the procurement of such equipment, materials, or commodities or to appropriations currently available for such procurement.

"(c) The President shall make appropriate arrangements with each nation receiving equipment or materials under chapter 1 of title I (other than equipment or materials sold under the provisions of section 106) for the return to the United States (1) for salvage or scrap, or (2) for such other disposition as the President shall deem to be in the interest of mutual security, of any such equipment or materials which are no longer required for the purposes for which originally made available.

"Sec. 512. Penal provision: Whoever offers or gives to anyone who is or in the preceding two years has been an employee or officer of the United States any commission, payment, or gift, in connection with the procurement of equipment, materials, commodities, or services under this Act in connection with which procurement said officer, employee, former officer or former employee is or was employed or performed duty or took any action during such employment, and whoever, being or having been an employee or officer of the United States in the preceding two years, solicits, accepts, or offers to accept any commission, payment, or gift in connection with the procurement of equipment, materials, commodities, or services under this Act in connection with which procurement said officer, employee, former officer or former employee is or was employed or performed duty or took any action during such employment, shall upon conviction thereof be subject to a fine of not to exceed \$10,000 or imprisonment for not to exceed three years, or both: *Provided*, That this section shall not apply to persons appointed pursuant to sections 308 or 530 (a) of this Act.

"Sec. 513. Notice to legislative committees: When any transfer is made under section 105 (d) or section 501, or any other action is taken under this Act which will result in furnishing assistance of a kind, for a purpose, or to an area, substantially different from that included in the presentation to the Congress during its consideration of this Act, or which will result in expenditures greater by 50 per centum or more than the proposed expenditures included in such presentation for the program concerned, the President or such officer as he may designate shall promptly notify the Committee on Foreign Relations of the Senate, the Committee on Foreign Affairs of the House of Representatives and, when military assistance is involved, the Committees on Armed Services of the Senate and House of Representatives, stating the justification for such change. Notice shall also be given to the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives of any determination under the first sentence of section 401 (except with respect to unvouchered funds), and copies of any certification as to loyalty under section 531 shall be filed with such committees.

"Sec. 514. International educational exchange activities: Foreign currencies or credits owed to or owned by the United States, where arising from this Act or otherwise, shall, upon a request from the Secretary of State certifying that such funds are required for the purpose of international educational exchange activities under programs authorized by section 32 (b) (2) of the

Surplus Property Act of 1944, as amended, be reserved by the Secretary of the Treasury for sale to the Department of State for such activities on the basis of the dollar value at the time of the reservation.

"Chapter 2. Organization and administration

"Sec. 521. Delegation of authority by the President: (a) Except as provided in subsection (b), the President may exercise any power or authority conferred on him by this Act through such agency or officer of the United States as he shall direct, and the head of such agency or such officer may from time to time promulgate such rules and regulations as may be necessary and proper to carry out functions under this Act and may delegate authority to perform any of such functions to his subordinates acting under his direction.

"(b) After June 30, 1955, the President shall exercise the powers conferred upon him under title III of this Act through the Secretary of State.

"Sec. 522. Allocation and reimbursement among agencies: (a) The President may allocate or transfer to any United States Government agency any part of any funds available for carrying out the purposes of this Act, including any advance to the United States by any nation or international organization for the procurement of equipment or materials or services. Such funds shall be available for obligation and expenditure for the purposes for which authorized, in accordance with authority granted in this Act or under authority governing the activities of the Government agencies to which such funds are allocated or transferred. Funds allocated to the Department of Defense shall be governed as to reimbursement by the procedures of subsection (c) of this section.

"(b) Any officer of the United States performing functions under this Act may utilize the services and facilities of, or procure commodities from, any United States Government agency as the President shall direct, or with the consent of the head of such agency, and funds allocated pursuant to this subsection to any such agency may be established in separate appropriation accounts on the books of the Treasury.

"(c) Reimbursement shall be made to any United States Government agency, from funds available to carry out chapter 1 of title I of this Act, for any assistance furnished under that chapter from, by, or through such agency. Such reimbursement shall be in an amount equal to the value (as defined in section 545) of the equipment and materials, services (other than salaries of members of the Armed Forces of the United States), or other assistance furnished, plus expenses arising from or incident to operations under that chapter. The amount of any such reimbursement shall be credited as reimbursable receipts to current applicable appropriations, funds, or accounts of such agency and shall be available for, and under the authority applicable to, the purposes for which such appropriations, funds, or accounts are authorized to be used, including the procurement of equipment and materials or services, required by such agency, in the same general category as those furnished by it or authorized to be procured by it and expenses arising from and incident to such procurement.

"(d) In the case of any commodity, service, or facility procured from any United States Government agency under any provision of this Act other than chapter 1 of title I, reimbursement or payment shall be made to such agency from funds available to carry out such provision. Such reimbursement or payment shall be at replacement cost, or, if required by law, at actual cost, or at any other price authorized by law and agreed to by the owning or disposal agency. The amount of any such reimbursement or payment shall be credited to current appli-

cable appropriations, funds, or accounts from which there may be procured replacements of similar commodities, services, or facilities, except that where such appropriations, funds, or accounts are not reimbursable except by reason of this subsection, and when the owning agency determines that such replacement is not necessary, any funds received in payment therefor shall be covered into the Treasury as miscellaneous receipts.

"(e) In furnishing assistance under this Act and in making surplus agricultural commodities available under section 402 accounts may be established on the books of any United States Government agency or, on terms and conditions approved by the Secretary of the Treasury, in banking institutions in the United States, against which (i) letters of commitment may be issued which shall constitute obligations of the United States, and moneys due or to become due under such letters of commitment shall be assignable under the Assignment of Claims Act of 1940, as amended, and (ii) withdrawals may be made by recipient nations or agencies, organizations or persons upon presentation of contracts, invoices, or other appropriate documentation. Expenditure of funds which have been made available through accounts so established shall be accounted for on standard documentation required for expenditure of Government funds: *Provided*, That such expenditures for commodities or services procured outside the continental limits of the United States may be accounted for exclusively on such certification as may be prescribed in regulations approved by the Comptroller General of the United States.

"Sec. 523. Coordination with foreign policy: (a) Nothing contained in this Act shall be construed to infringe upon the powers or functions of the Secretary of State.

"(b) The President shall prescribe appropriate procedures to assure coordination among representatives of the United States Government in each country, under the leadership of the Chief of the United States Diplomatic Mission.

"Sec. 524. The Secretary of Defense: (a) In the case of aid under chapter 1 of title I of this Act, the Secretary of Defense shall have primary responsibility for—

"(1) the determination of military end-item requirements;

"(2) the procurement of military equipment in a manner which permits its integration with service programs;

"(3) the supervision of end-item used by the recipient countries;

"(4) the supervision of the training of foreign military personnel;

"(5) the movement and delivery of military end-items; and

"(6) within the Department of Defense, the performance of any other functions with respect to the furnishing of military assistance.

"(b) The establishment of priorities in the procurement, delivery, and allocation of military equipment shall be determined by the Secretary of Defense. The determination of the value of the program for any country under chapter 1 of title I shall be made by the President.

"Sec. 525. Foreign Operations Administration: Except as modified pursuant to this section or section 521, the Director of the Foreign Operations Administration (referred to in this chapter as the "Director") shall continue to perform the functions vested in him on the effective date of this Act, except insofar as such functions relate to continuous supervision and general direction of programs of military assistance. The President may transfer to any agency or officer of the United States, and may modify or abolish, any function, office, or entity of the Foreign Operations Administration or any officer or employee thereof, and may transfer such personnel, property, records, and funds as may be necessary incident thereto.

"Sec. 526. Missions and staffs abroad: The President may maintain special missions or staffs abroad in such nations and for such periods of time as may be necessary to carry out this Act. Each such special mission or staff shall be under the direction of a chief. The chief and his deputy shall be appointed by the President and may, notwithstanding any other law, be removed by the President at his discretion. The chief shall be entitled to receive (1) in cases approved by the President, the same compensation and allowances as a chief of mission, class 3, or a chief of mission, class 4, within the meaning of the Foreign Service Act of 1946 (22 U. S. C. 801), or (2) compensation and allowances in accordance with section 527 (c) of this Act, as the President shall determine to be appropriate.

"Sec. 527. Employment of personnel: (a) Any United States Government agency performing functions under this Act is authorized to employ such personnel as the President deems necessary to carry out the provisions and purposes of this Act.

"(b) Of the personnel employed in the United States on programs authorized by this Act, not to exceed sixty may be compensated without regard to the provisions of the Classification Act of 1949, as amended, of whom not to exceed thirty-five may be compensated at rates higher than those provided for grade 15 of the general schedule established by the Classification Act of 1949, as amended, and of these, not to exceed fifteen may be compensated at a rate in excess of the highest rate provided for grades of such general schedule but not in excess of \$15,000 per annum. Such positions shall be in addition to those authorized by law to be filled by Presidential appointment, and in addition to the number authorized by section 505 of the Classification Act of 1949, as amended.

"(c) For the purpose of performing functions under this Act outside the continental limits of the United States, the Director may—

"(1) employ or assign persons, or authorize the employment or assignment of officers or employees of other United States Government agencies, who shall receive compensation at any of the rates provided for the Foreign Service Reserve and Staff by the Foreign Service Act of 1946, as amended (22 U. S. C. 801), together with allowances and benefits established thereunder including, in all cases, post differentials prescribed under section 443 of the Foreign Service Act; and persons so employed or assigned shall be entitled to the same benefits as are provided by section 528 of the Foreign Service Act for persons appointed to the Foreign Service Reserve and, except for policymaking officials, the provisions of section 1005 of the Foreign Service Act shall apply in the case of such persons; and

"(2) utilize such authority, including authority to appoint and assign personnel for the duration of operations under this Act, contained in the Foreign Service Act of 1946, as amended (22 U. S. C. 801), as the President deems necessary to carry out functions under this Act. Such provisions of the Foreign Service Act as the President deems appropriate shall apply to personnel appointed or assigned under this paragraph, including, in all cases, the provisions of sections 443 and 528 of that Act.

"(d) For the purpose of performing functions under this Act outside the continental limits of the United States, the Secretary of State may, at the request of the Director, appoint for the duration of operations under this Act alien clerks and employees in accordance with applicable provisions of the Foreign Service Act of 1946, as amended (22 U. S. C. 801).

"Sec. 528. Detail of personnel to foreign governments: (a) Whenever the President determines it to be consistent with and in furtherance of the purposes of this Act, the

head of any United States Government agency is authorized to detail or assign any officer or employee of his agency to any office or position to which no compensation is attached with any foreign government or foreign government agency: *Provided*, That such acceptance of office shall in no case involve the taking of an oath of allegiance to another government.

"(b) Any such officer or employee, while so assigned or detailed, shall be considered, for the purpose of preserving his privileges, rights, seniority, or other benefits as such, an officer or employee of the Government of the United States and of the Government agency from which assigned or detailed, and he shall continue to receive compensation, allowances, and benefits from funds available to that agency or made available to that agency out of funds authorized under this Act.

"Sec. 529. Detail of personnel to international organizations: (a) Whenever the President determines it to be consistent with and in furtherance of the purposes of this Act, the head of any United States Government agency is authorized to detail, assign, or otherwise make available to any international organization any officer or employee of his agency to serve with or as a member of the international staff of such organization, or to render any technical, scientific or professional advice or service to or in cooperation with such organization.

"(b) Any such officer or employee, while so assigned or detailed, shall be considered, for the purpose of preserving his allowances, privileges, rights, seniority and other benefits as such, an officer or employee of the Government of the United States and of the Government agency from which detailed or assigned, and he shall continue to receive compensation, allowances, and benefits from funds available to that agency or made available to that agency out of funds authorized under this Act. He may also receive, under such regulations as the President may prescribe, representation allowances similar to those allowed under section 901 of the Foreign Service Act of 1946, as amended (22 U. S. C. 801). The authorization of such allowances and other benefits and the payment thereof out of any appropriations available therefor shall be considered as meeting all the requirements of section 1765 of the Revised Statutes.

"(c) Details or assignments may be made under this section—

"(1) without reimbursement to the United States by the international organization;

"(2) upon agreement by the international organization to reimburse the United States for compensation, travel expenses, and allowances, or any part thereof, payable to such officer or employee during the period of assignment or detail in accordance with subsection (b) of this section; and such reimbursement shall be credited to the appropriation, fund, or account utilized for paying such compensation, travel expenses, or allowances, or to the appropriation, fund, or account currently available for such purposes;

"(3) upon an advance of funds, property, or services to the United States accepted with the approval of the President for specified uses in furtherance of the purposes of this Act; and funds so advanced may be established as a separate fund in the Treasury of the United States, to be available for the specified uses, and to be used for reimbursement of appropriations or direct expenditure subject to the provisions of this Act, any unexpended balance of such account to be returned to the international organization; or

"(4) subject to the receipt by the United States of a credit to be applied against the payment by the United States of its share of the expenses of the international organization to which the officer or employee is detailed, such credit to be based upon the compensation, travel expenses and allow-

ances, or any part thereof, payable to such officer or employee during the period of assignment or detail in accordance with subsection (b) of this section.

"Sec. 530. Experts and consultants or organizations thereof: (a) experts and consultants or organizations thereof, as authorized by section 15 of the Act of August 2, 1946 (5 U. S. C. 55a), may be employed by any United States Government agency for the performance of functions under this Act, and individuals so employed may be compensated at rates not in excess of \$75 per diem, and while away from their homes or regular places of business, they may be paid actual travel expenses and per diem in lieu of subsistence and other expenses at a rate not to exceed \$10 while so employed within the continental limits of the United States and at the applicable rate prescribed in the Standardized Government Travel Regulations (Foreign Areas) while so employed outside the continental limits of the United States.

"(b) Persons of outstanding experience and ability may be employed without compensation by any United States Government agency for the performance of functions under this Act in accordance with the provisions of section 710 (b) of the Defense Production Act of 1950, as amended (50 U. S. C. App. 2160), and regulations issued thereunder.

"Sec. 531. Security clearance: No citizen or resident of the United States may be employed, or if already employed, may be assigned to duties by the Director under this Act for a period to exceed three months unless—

"(a) such individual has been investigated as to loyalty and security by the Civil Service Commission, or by the Federal Bureau of Investigation in the case of specific positions which have been certified by the Director as being of a high degree of importance or sensitivity or in case the Civil Service Commission investigation develops data reflecting that the individual is of questionable loyalty, and a report thereon has been made to the Director, and until the Director has certified in writing (and filed copies thereof with the Senate Committee on Foreign Relations and the House Committee on Foreign Affairs) that, after full consideration of such report, he believes such individual is loyal to the United States, its Constitution, and form of government, and is not now and has never knowingly been a member of any organization advocating contrary views; or

"(b) such individual has been investigated by a military intelligence agency and the Secretary of Defense has certified in writing that he believes such individual is loyal to the United States and filed copies thereof with the Senate Committee on Foreign Relations and the House Committee on Foreign Affairs.

"This section shall not apply in the case of any officer appointed by the President by and with the advice and consent of the Senate, nor shall it apply in the case of any person already employed under programs covered by this Act who has been previously investigated in connection with such employment.

"Sec. 532. Exemption of personnel from certain Federal laws: (a) Service of an individual as a member of the Board established pursuant to section 308 of this Act or as an expert or consultant under section 530 (a) shall not be considered as service or employment bringing such individual within the provisions of title 18, U. S. C., section 281, 283 or 284, or of section 190 of the Revised Statutes (5 U. S. C. 99), or of any other Federal law imposing restrictions, requirements, or penalties in relation to the employment of persons, the performance of services, or the payment or receipt of compensation in

connection with any claim, proceeding, or matter involving the United States, except insofar as such provisions of law may prohibit any such individual from receiving compensation in respect of any particular matter in which such individual was directly involved in the performance of such service; nor shall such service be considered as employment or holding of office or position bringing such individual within the provisions of section 6 of the Act of May 22, 1920, as amended (5 U. S. C. 715), section 212 of the Act of June 30, 1932, as amended (5 U. S. C. 59a), or any other Federal law limiting the reemployment or retired officers or employees or governing the simultaneous receipt of compensation and retired pay or annuities.

"(b) Notwithstanding section 2 of the Act of July 31, 1894 (5 U. S. C. 62), which prohibits certain retired officers from holding certain office, any retired officer of any of the services mentioned in the Career Compensation Act of 1949 may hold any office or appointment under this Act or the Mutual Defense Assistance Control Act of 1951, but the compensation of any such retired officer shall be subject to the provisions of the Act of June 30, 1932 (5 U. S. C. 59a), which does not permit retired pay to be added to the compensation received as a civilian officer.

"Sec. 533. Waivers of certain Federal laws: Whenever the President determines it to be in furtherance of purposes declared in this Act, the functions authorized under this Act may be performed without regard to such provisions of law (other than the Renegotiation Act of 1951, as amended) regulating the making, performance, amendment, or modification of contracts and the expenditure of Government funds as the President may specify.

"Sec. 534. Reports: The President, from time to time while funds appropriated for the purpose of this Act continue to be available for obligation, shall transmit to the Congress reports covering each six months of operations, in furtherance of the purposes of this Act, except information the disclosure of which he deems incompatible with the security of the United States. Reports provided for under this section shall be transmitted to the Secretary of the Senate or the Clerk of the House of Representatives, as the case may be, if the Senate or the House of Representatives, as the case may be, is not in session. Such reports shall include detailed information on the implementation of sections 504 and 413 (b) of this Act.

"Sec. 535. Cooperation with international organizations: (a) The President is authorized to request the cooperation of or the use of the services and facilities of the United Nations, its organs and specialized agencies, or other international organizations, in carrying out the purposes of this Act, and may make payments by advancements or reimbursements, for such purposes, out of funds made available for the purposes of this Act, as may be necessary therefor, to the extent that special compensation is usually required for such services and facilities: *Provided*, That nothing in this section shall be construed to authorize the delegation to any international or foreign organization or agency of authority to decide the method of furnishing assistance under this Act to any country or the amount thereof.

"(b) Whenever the President determines it to be in furtherance of the purposes of this Act, United States Government agencies, on request of international organizations, are authorized to furnish supplies, materials, and services, on an advance of funds or reimbursement basis, to such organizations. Such advances or reimbursements may be credited to the current applicable appropriation or fund of the agency concerned and shall be available for the purposes for which

such appropriations and funds are authorized to be used.

"Sec. 536. Joint Commission on Rural Reconstruction in China: The President is authorized to continue to participate in the Joint Commission on Rural Reconstruction in China and to appoint citizens of the United States to the Commission.

"Chapter 3. Repeal and miscellaneous provisions

"Sec. 541. Effective date: This Act shall take effect on the date of its enactment.

"Sec. 542. Statutes repealed: (a) There are hereby repealed—

"(1) an Act to provide for assistance to Greece and Turkey, approved May 22, 1947, as amended;

"(2) the joint resolution to provide for relief assistance to the people of countries devastated by war, approved May 31, 1947, as amended;

"(3) the Foreign Aid Act of 1947;

"(4) the Foreign Assistance Act of 1948, as amended; including the Economic Cooperation Act of 1948, as amended, the International Children's Emergency Fund Assistance Act of 1948, as amended, the Greek-Turkish Assistance Act of 1948, and the China Aid Act of 1948, as amended;

"(5) the Mutual Defense Assistance Act of 1949, as amended;

"(6) the Foreign Economic Assistance Act of 1950, as amended; including the Economic Cooperation Act of 1950, the China Area Aid Act of 1950, as amended, the United Nations Palestine Refugee Aid Act of 1950, and the Act for International Development, as amended;

"(7) the Far Eastern Economic Assistance Act of 1950, as amended;

"(8) the Yugoslav Emergency Relief Assistance Act of 1950;

"(9) the Mutual Security Act of 1951, as amended;

"(10) the Mutual Security Act of 1952;

"(11) the Mutual Security Act of 1953;

"(12) section 12 of the joint resolution of Congress approved November 4, 1939 (54 Stat. 10; 22 U. S. C. 452);

"(13) section 4 of the Act of March 3, 1925 (50 Stat. 887; 50 U. S. C. 165); and

"(14) section 968 of title 18, United States Code.

"(b) References in other Acts to the Acts listed in subsection (a) shall hereafter be considered to be references to the appropriate provisions of this Act.

"(c) The repeal of the Acts listed in subsection (a) shall not be deemed to affect amendments contained in such Acts to Acts not named in subsection (a).

"Sec. 543. Saving provisions:

"(a) Except as may be expressly provided to the contrary in this Act, all determinations, authorizations, regulations, orders, contracts, agreements, and other actions issued, undertaken or entered into under authority of any provision of law repealed by section 542 shall continue in full force and effect until modified by appropriate authority.

"(b) Where provisions of this Act establish conditions which must be complied with before use may be made of authority contained in or funds authorized by this Act, compliance with substantially similar conditions under Acts named in section 542 shall be deemed to constitute compliance with the conditions established by this Act.

"(c) No person in the service or employment of the United States or otherwise performing functions under an Act repealed by section 542 or under section 408 shall be required to be reappointed or reemployed by reason of the entry into force of this Act, except that appointments made pursuant

to section 110 (a) (2) of the Economic Cooperation Act of 1948, as amended, shall be converted to appointments under section 527 (c) of this Act.

"SEC. 544. Amendments to other laws: (a) Title X of the United States Information and Educational Exchange Act of 1948, as amended (22 U. S. C. 1431), is amended by adding the following new section:

"Informational Media Guaranties

"SEC. 1011. The Director of the United States Information Agency may make guaranties, in accordance with the provisions of subsection (b) of section 413 of the Mutual Security Act of 1954, of investments in enterprises producing or distributing informational media consistent with the national interests of the United States against funds heretofore made available by notes issued to the Secretary of the Treasury pursuant to section 111 (c) (2) of the Economic Cooperation Act of 1948, as amended, for purposes of guaranties of investments: *Provided, however,* That the amount of such guaranties in any fiscal year shall be determined by the President but shall not exceed \$10,000,000."

"(b) Section 1 of Public Law 283, Eighty-first Congress, is repealed. The Institute of Inter-American Affairs, created pursuant to Public Law 369, Eightieth Congress (22 U. S. C. 281), shall have succession until June 30, 1960, and may make contracts for periods not to exceed five years: *Provided,* That any contract extending beyond June 30, 1960, shall be made subject to termination by the said Institute upon notice: *And provided further,* That the said Institute shall, on and after July 1, 1954, be subject to the applicable provisions of the Budget and Accounting Act, 1921, as amended (31 U. S. C. 1), in lieu of the provisions of the Government Corporation Control Act, as amended (31 U. S. C. 841).

"SEC. 545. Definitions: For the purposes of this Act—

"(a) The term 'commodity' includes any commodity, material, article, supply, or goods.

"(b) The term 'surplus agricultural commodity' means any agricultural commodity or product thereof, class, kind, type, or other specification thereof, produced in the United States either publicly or privately owned, which is in excess of domestic requirements, adequate carryover, and anticipated exports for dollars, as determined by the Secretary of Agriculture.

"(c) The terms 'equipment' and 'materials' shall mean any arms, ammunition, or implements of war, or any other type of material, article, raw material, facility, tool, machine, supply or item that would further the purpose of chapter 1 of title I, or any component or part thereof, used or required for use in connection therewith, or required in or for the manufacture, production, processing, storage, transportation, repair, or rehabilitation of any equipment or materials, but shall not include merchant vessels.

"(d) The term 'mobilization reserve', as used with respect to any equipment or materials, means the quantity of such equipment or materials determined by the Secretary of Defense under regulations prescribed by the President to be required to support mobilization of the Armed Forces of the United States in the event of war or national emergency until such time as adequate additional quantities of such equipment or materials can be procured.

"(e) The term 'excess', as used with respect to any equipment or materials, means the quantity of such equipment or materials owned by the United States which is in excess of the mobilization reserve of such equipment or materials.

"(f) The term 'services' shall include any service, repair, training of personnel, or technical or other assistance or information necessary to effectuate the purposes of this Act.

"(g) The term 'Armed Forces of the United States' shall include any component of the

Army of the United States, of the United States Navy, of the United States Marine Corps, of the Air Force of the United States, of the United States Coast Guard, and the Reserve components thereof.

"(h) The term 'value' means—

"(1) with respect to any excess equipment or materials furnished under chapter 1 of title I, the gross cost of repairing, rehabilitating, or modifying such equipment or materials prior to being so furnished;

"(2) with respect to any nonexcess equipment or materials furnished under chapter 1 of title I which are taken from the mobilization reserve (other than equipment or materials referred to in paragraph (3) of this subsection), the actual or the projected (computed as accurately as practicable) cost of procuring for the mobilization reserve an equal quantity of such equipment or materials or an equivalent quantity of equipment or materials of the same general type but deemed to be more desirable for inclusion in the mobilization reserve than the equipment or materials furnished;

"(3) with respect to any nonexcess equipment or materials furnished under chapter 1 of title I which are taken from the mobilization reserve but with respect to which the Secretary of Defense has certified that it is not necessary fully to replace such equipment or materials in the mobilization reserve, the gross cost to the United States of such equipment and materials or its replacement cost, whichever the Secretary of Defense may specify; and

"(4) with respect to any equipment or materials furnished under chapter 1 of title I which are procured for the purpose of being so furnished, the gross cost to the United States of such equipment and materials.

In determining the gross cost incurred by any agency in repairing, rehabilitating, or modifying any excess equipment furnished under chapter 1 of title I, all parts, accessories, or other materials used in the course of repair, rehabilitation, or modification shall be priced in accordance with the current standard pricing policies of such agency. For the purpose of this subsection, the gross cost of any equipment or materials taken from the mobilization reserve means either the actual gross cost to the United States of that particular equipment or materials or the estimated gross cost to the United States of that particular equipment or materials obtained by multiplying the number of units of such particular equipment or materials by the average gross cost of each unit of that equipment and materials owned by the furnishing agency.

"(i) The term 'United States Government agency' means any department, agency, board, wholly or partly owned corporation, or instrumentality, commission, or establishment of the United States Government.

"SEC. 546. Construction: (a) If any provision of this Act or the application of any provision to any circumstances or persons shall be held invalid, the validity of the remainder of the Act and applicability of such provision to other circumstances or persons shall not be affected thereby.

"(b) Nothing in this Act shall alter, amend, revoke, repeal, or otherwise affect the provisions of the Atomic Energy Act of 1946, as amended (42 U. S. C. 1801).

"(c) Nothing in this Act is intended nor shall it be construed as an expressed or implied commitment to provide any specific assistance, whether of funds, commodities, or services, to any nation or nations, or to any international organization.

"SEC. 547. Reduction of authorizations: Notwithstanding the foregoing provisions of this Act, such provisions shall not be construed to authorize the appropriation for the fiscal year 1955, for the purposes of titles I, II, and IV of this Act, of amounts (exclusive of unexpended balances of prior appropriations authorized to be continued available under such provisions) aggregating in excess of \$2,918,040,000."

And the Senate agree to the same.

ROBERT B. CHIPERFIELD,
JOHN M. VORYS,
WALTER H. JUDD,
THOMAS S. GORDON,
LAURIE BATTLE,

Managers on the Part of the House.

ALEXANDER WILEY,
H. ALEXANDER SMITH,
BOURKE B. HICKENLOOPER,
WALTER F. GEORGE,
THEODORE FRANCIS GREEN,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 9678) to promote the security and foreign policy of the United States by furnishing assistance to friendly nations, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate struck out all of the House bill after the enacting clause and inserted a substitute amendment. The committee of conference has agreed to a substitute for both the House bill and the Senate amendment. Except for clarifying, clerical, and necessary conforming changes, the differences are noted below:

THE FUNDS AUTHORIZED

The committee on conference agreed on a total authorization of \$3,252,868,000. This is a reduction of \$314,040,000 from the House bill and an increase of \$314,040,000 over the Senate amendment.

The following formula was used to determine the authorization:

House bill, total	\$3,566,908,000
Less future year authorization for infrastructure	198,300,000
House bill, total 1955 authorization	3,368,608,000
Less House bill, title III	131,528,000
House bill, titles I, II, and IV	3,237,080,000
Senate bill, titles I, II, and IV (Senator Long's amendment)	2,599,000,000
Difference between House and Senate	638,080,000
Half of difference between House and Senate	319,040,000
Senate bill, titles I, II and IV	2,599,000,000
Conference agreement	2,918,040,000
Conference agreement, title III	136,528,000
Conference agreement, total 1955	3,054,568,000
Add future year authorization for infrastructure	198,300,000
	3,252,868,000

It was clear from the debate on the Long amendment that it was intended as a limitation on fiscal year 1955 appropriations, although this was not specified in the amendment. The conferees placed this date in the limitation. The authorization for future appropriations for infrastructure, \$198,300,000, was in both the Senate and House bills and was not affected by the agreement on the Long amendment. Therefore, the total authorized by the conference agreement is:

\$3,054,568,000
198,300,000
3,252,868,000

The comparable overall totals are as follows:

	House authoriza- tion bill	Senate authoriza- tion bill	Conference agreement
Authorization for titles I, II, IV.....	\$3, 435, 380, 000	\$2, 797, 300, 000	\$2, 918, 040, 000
Authorization for title III.....	131, 528, 000	141, 528, 000	136, 528, 000
Total authorization.....	3, 566, 908, 000	2, 938, 828, 000	3, 054, 568, 000
Future years authorization for infrastructure.....			198, 300, 000
			3, 252, 868, 000
Less funds for which no 1955 appropriation will be requested:			
Sec. 104. Infrastructure.....	198, 300, 000	198, 300, 000	198, 300, 000
Sec. 407. UNRWA.....	30, 000, 000	30, 000, 000	30, 000, 000
Total.....	228, 300, 000	228, 300, 000	228, 300, 000
Total 1955 money request.....	3, 338, 608, 000	2, 710, 528, 000	3, 024, 568, 000

The detailed authorizations in the House bill, the Senate amendment, and in the conference agreement are as follows:

Items	House authori- zation bill	Senate authori- zation bill	Conference agreement
Title I—Mutual defense assistance:			
Chapter 1. Military assistance:			
Sec. 103. Authorization.....	\$1, 430, 300, 000	\$1, 265, 300, 000	\$1, 270, 000, 000
Sec. 106:			
Europe.....	(617, 500, 000)	(617, 500, 000)	(617, 500, 000)
Near East.....	(181, 200, 000)	(181, 200, 000)	(181, 200, 000)
Far East.....	(583, 600, 000)	(583, 600, 000)	(583, 600, 000)
Latin America.....	(13, 000, 000)	(13, 000, 000)	(13, 000, 000)
Sec. 104. Infrastructure.....	321, 000, 000	321, 000, 000	321, 000, 000
Sec. 105. Special weapons.....		27, 000, 000	
Total, chapter 1.....	1, 751, 300, 000	1, 613, 300, 000	1, 591, 000, 000
Chapter 2. Direct forces support:			
Sec. 121. Southeast Asia.....	800, 000, 000	712, 000, 000	700, 000, 000
Sec. 122. Production for forces support.....		70, 000, 000	35, 000, 000
Sec. 123. Common use items.....	70, 000, 000	64, 000, 000	60, 000, 000
Total, chapter 2.....	870, 000, 000	846, 000, 000	795, 000, 000
Chapter 3. Defense support:			
Sec. 131 (b):			
(1) Europe.....	145, 000, 000	71, 000, 000	46, 000, 000
(2) Near East.....	81, 850, 000	73, 000, 000	73, 000, 000
(3) Far East.....	96, 430, 000	86, 230, 195	80, 098, 195
Sec. 132:			
(a) Korean program.....	230, 000, 000	205, 000, 000	205, 000, 000
(b) UNKRA.....	11, 300, 000	3, 452, 615	3, 452, 615
Total, chapter 3.....	464, 580, 000	438, 682, 810	407, 550, 810
Total, title I.....	3, 085, 880, 000	2, 897, 982, 810	2, 793, 550, 810
Title II—Development assistance:			
Near East and Africa.....	130, 000, 000	115, 000, 000	115, 000, 000
South Asia.....	85, 000, 000	76, 000, 000	75, 000, 000
Latin America.....	9, 000, 000	9, 000, 000	9, 000, 000
Total, title II.....	224, 000, 000	200, 000, 000	199, 000, 000
Title III—Technical cooperation:			
Sec. 303 (304). Bilateral.....	112, 070, 000	122, 070, 000	117, 070, 000
Sec. 305 (306). Multilateral:			
(a) United Nations.....	17, 958, 000	17, 958, 000	17, 958, 000
(b) OAS.....	1, 500, 000	1, 500, 000	1, 500, 000
Total, title III.....	131, 528, 000	141, 528, 000	136, 528, 000
Title IV—Other programs:			
Sec. 403. Joint control areas.....	25, 000, 000	(¹)	25, 000, 000
Sec. 405:			
(a) Migrants.....	11, 700, 000	11, 189, 190	11, 189, 190
(b) UNREF.....	500, 000	500, 000	500, 000
Sec. 406. Children's Fund.....	13, 500, 000	13, 500, 000	13, 500, 000
Sec. 407. UNRWA.....	30, 000, 000	30, 000, 000	30, 000, 000
Sec. 408. NATO.....	3, 200, 000	3, 200, 000	3, 200, 000
Sec. 409. Ocean freight.....	4, 400, 000	4, 400, 000	4, 400, 000
Sec. 410. Control Act expenses.....	1, 300, 000	1, 300, 000	1, 300, 000
Sec. 411. Administrative expenses.....	35, 900, 000	34, 700, 000	34, 700, 000
Total title IV.....	125, 500, 000	98, 789, 190	123, 789, 190
Total.....	3, 566, 908, 000	3, 338, 300, 000	3, 252, 868, 000

¹ House bill excludes \$25,000,000 for joint control areas. This is carried in sec. 403.

² Senate bill includes \$25,000,000 for this item in sec. 131 (b) (1).

SEATING OF COMMUNIST CHINA IN UNITED NATIONS (SECTION 101)

The Senate amendment contained a provision reiterating congressional opposition to seating the Communist regime in China as China's representative in the United Nations, and requesting the President, if that regime should be seated in the Security Council or General Assembly, to inform the Congress of the implications on United States foreign policy and to present his recommendations, if any. No such provision was included in the House bill, but the House

on July 15, 1954, adopted House Resolution 627, reiterating its opposition to, and supporting the President in his efforts to prevent, the seating of that regime as the representative of China in the United Nations or any of its specialized agencies.

The conference agreement retains the language of the Senate amendment.

DEVELOPMENT OF WEAPONS OF ADVANCED DESIGN (SECS. 103 AND 105)

The Senate amendment authorized an appropriation of \$27,000,000 for the develop-

ment of weapons of advanced design together with the unexpended balance previously authorized for that purpose. The House bill authorized the carryover of unexpended balances but did not provide any new funds for such weapons.

The committee of conference believes that the development of weapons of advanced design is important to the military program authorized in this legislation. There is no reason, however, for placing any limit on the funds available for such use. Moreover, there are certain advantages in not inform-

ing potential enemies of the amounts of money being spent for such purposes, and it is not necessary to do so since the nature of the assistance involved, as described in detail in closed sessions during the hearings, may properly be carried out under the general authorization to provide military assistance. Money authorized for the procurement of conventional weapons could be used for the development of newer weapons whenever funds can be effectively used in this way. For this reason it was decided that no special provision should be made for such a program. Under the program to develop weapons of advanced design, funds will continue to be used to finance that research and development projects and items of a classified nature that are not in the usual category of weapons. The authorization for direct military assistance was increased by \$27,000,000, the amount requested by the Executive for weapons of advanced design, to make clear that there was no indication that this program should be curtailed because it was being included in the general military authorization. The unexpended balance for weapons of advanced design was made available under section 103 and may be used insofar as needed for such weapons.

CONDITIONS OF MILITARY ASSISTANCE TO THE FAR EAST AND THE PACIFIC (SEC. 105 (B) (3))

The Senate amendment contained language providing that military assistance to the Far East and Pacific should be given directly to the free peoples of the area including the Associated States of Cambodia, Laos, and Vietnam insofar as possible. This language was not contained in the House bill. The House conferees accepted the Senate provision because it was believed that the directive to give military aid directly rather than channeling it through another nation in that area would more effectively promote the effective use of United States aid.

TRANSFER PROVISION (SEC. 105 (D))

Both the House bill and the Senate amendment fixed ceilings on the dollar value of military aid which may be delivered in each of four areas. These ceilings are fixed by adding, to the funds previously made available for military assistance in each area, the following figures:

Europe.....	\$617,500,000
Near East, Africa, and South Asia.....	181,200,000
Far East and Pacific.....	583,600,000
Western Hemisphere.....	13,000,000

The House bill provided that, notwithstanding these ceilings, military aid programmed for any one of these areas may be furnished in any other area, if its value does not exceed 10 percent of the sum of (1) the figure specified above for the area from which the transfer is made, and (2) the unexpended balances available on June 30, 1954, for military aid for that area. The Senate amendment contained a corresponding provision, with a 15-percent limit in place of the House bill's limit of 10 percent.

The managers for the House accepted the 15-percent limit in order to assure adequate flexibility for meeting changing military situations.

ASSISTANCE IN SOUTHEAST ASIA AND THE WESTERN PACIFIC (SEC. 121)

Sections 141 and 142 of the House bill established certain conditions of eligibility for mutual defense assistance, including a requirement as to agreements on the part of nations to which such assistance is furnished. Substantially similar provisions were included in the Senate amendment, but the Senate amendment authorized the President to waive these requirements, in the case of assistance to southeast Asia and the western Pacific, to the extent necessary to carry out the purposes of the act. The Senate amendment also provided that a re-

port of any such waiver should be made to the interested congressional committees within 30 days. No similar waiver authority was contained in the House bill.

The committee of conference agreed to this waiver authority with two modifications. In the case of the Associated States of Cambodia, Laos, and Viet-Nam, the President was given discretion to waive provisions of section 142 since it is not now clear what agreements these nations will be able to negotiate and carry out. It may be undesirable to require mutual defense agreements from certain other governments in the area which have only recently attained independence, but which need help in resistance to communism. Therefore, provision was made that up to an aggregate of 10 percent of the funds made available in this section can be made available to such other nations not complying with all the conditions of section 142.

All exceptions to the requirements of section 142 must be reported to the appropriate committees of the Congress.

Language similar to that accepted by the committee of conference in section 105 (b) (3) providing for direct assistance as far as possible was also included in this section.

PRODUCTION FOR FORCES SUPPORT (SEC. 122)

The House bill contained a provision authorizing the carryover of unexpended fiscal year 1953 funds for support of manufacture of military aircraft required by United Kingdom forces for North Atlantic defense. The Senate amendment authorized the carryover plus an additional sum of \$70,000,000 for fiscal 1955.

The conference agreement retains the language of the Senate amendment, except that the amount of new funds is reduced to \$35,000,000.

DEFENSE SUPPORT—GENERAL AUTHORITY (SEC. 131 (A))

The House bill authorized the President to furnish defense support assistance to nations and organizations eligible to receive military assistance. The Senate amendment authorized the furnishing of such assistance without regard to whether the recipient nation or organization is eligible to receive military assistance.

The committee of conference agreed to the House language with the addition of language to make eligible any nation which has joined with the United States in a regional defense arrangement. As thus modified, the conference agreement will permit the furnishing of defense support, when it is in the interest of the United States to do so, in order to help such a nation sustain and increase military effort.

KOREAN PROGRAM—VESSELS (SEC. 132 (B) (1))

The Senate amendment contained language requiring that the President investigate to determine whether privately owned vessels were available for sale and, if so, that these vessels be purchased before any Government-owned vessels were transferred to Korea under section 132 (b) (1). The House bill contained no such language.

The committee of conference agreed that privately owned vessels available for sale should be purchased for transfer under this section, but did not feel that transfers of Government-owned vessels should be delayed pending negotiation of purchases from private owners. The conference agreement therefore adopts the Senate language except for the final phrase requiring purchase of privately owned vessels "prior to the transfer hereunder of any other vessels."

COUNTERPART (SEC. 142 (11))

Both the House bill and the Senate amendment provided for deposit of counterpart funds, under certain circumstances, by nations receiving mutual defense assistance. The House bill provided that not less than 10 percent of these funds should be allocated

to the use of the United States. The Senate amendment provided that a portion of these funds, to be mutually agreed upon by the United States and the nation concerned, should be made available to the United States.

The House conferees accepted the Senate language with the amendment that not less than 10 percent shall be deposited by any country to which such minimum requirement has been applicable under previous legislation. This would permit necessary flexibility in the case of countries which had not previously been required to deposit 10 percent.

The House bill also provided that any unencumbered balances of counterpart funds which are deposited after the date of enactment of the bill and which remain after termination of assistance to the nation concerned shall be disposed of as may be authorized by Act of Congress. The Senate amendment provided for disposition of these balances for purposes to be mutually agreed between the nation and the United States, subject to approval by Act of Congress.

The conference agreement includes the Senate language in order to avoid the renegotiation and other difficulties which would result if such a change in policy was required. It was noted that the volume of counterpart deposits is declining rapidly as economic aid declines.

DEVELOPMENT ASSISTANCE (SEC. 201)

Section 201 of the House bill authorized development assistance to each of three areas: the Near East and Africa, South Asia, and Latin America. It also provided that at least half of the assistance furnished under the section to each such area should be furnished on a loan basis (except for assistance furnished with unexpended balances carried over under the section). The Senate amendment contained no such requirement as to loans for development assistance, although section 505 of the Senate amendment did earmark, for furnishing assistance on a loan basis, \$150 million of the funds available under the act.

The conference agreement provides that 30 percent of the new funds appropriated for development assistance shall be used only for loans. This percentage should be applied to the total new funds available for all areas, rather than to the funds expended in each area. It is hoped that more than 30 percent of the funds provided under this Title will be effectively utilized for purposes which would justify a loan, but the 50 percent requirement was felt to be too high.

TECHNICAL COOPERATION—DECLARATION OF PURPOSE (SEC. 301)

The House bill contained a provision setting forth the President's general authority to conduct bilateral technical cooperation programs together with a brief statement of the purpose of such programs. The Senate amendment contained a provision setting forth a comprehensive statement of purpose, formerly section 403 of the Act for International Development.

The conference agreement contains the Senate language. Within the program changes in emphasis and limitations in scope may be necessary. But it is the intent of the conferees that such changes give the Administrator no basis for departing from the original concepts and fundamental objectives of the technical cooperation program.

TECHNICAL COOPERATION—AUTHORIZATION (SEC. 304)

The House bill authorized \$112,070,000 for technical cooperation programs in the Near East, Africa, South Asia, Far East and Pacific, and Latin America. The Senate amendment authorized \$88,570,000 for the Near East, Africa, South Asia, the Far East, and the Pacific, and \$33,500,000 specifically for

Latin America, representing an additional sum of \$10 million for that area.

In view of the forthcoming Rio Conference and recent developments in Latin America since the preparation of the authorization requests by the executive branch, it was the view of the committee of conference that a sum of \$5 million additional to that requested would be desirable. The conference agreement, therefore, contains the specific earmarking of \$28,500,000 for Latin America and preserves \$88,570,000 for the other areas.

EARMARKING OF FUNDS—SURPLUS AGRICULTURAL COMMODITIES (SEC. 402)

Section 402 of the House bill earmarked \$500,000,000 of the funds authorized to be made available under the bill for the purchase and export of surplus agricultural commodities. The Senate amendment revised this section, reducing the amount earmarked from \$500,000,000 to \$350,000,000 and making several technical changes, the main purposes of which were to make it clear that these commodities are in addition to those covered by the Agricultural Trade Development and Assistance Act of 1954, and to insure that the foreign currencies accruing to the United States under the section shall be used as far as practicable for the same purpose for which the dollars used to finance the purchase of the commodities were originally programmed.

The conference agreement combines certain features of both provisions, together with clarifying language. The funds earmarked are set at \$350,000,000. It is made clear that the agricultural commodities utilized under this section are to be sold for foreign currencies rather than supplied on a grant basis. Language is included providing that prices at which commodities are sold will not unduly disrupt world prices and that private channels of trade will be utilized to the maximum extent practicable. It is provided that the foreign currencies obtained under this provision will be spent to promote the objectives of this act, but with particular emphasis on the purposes expressed in section 104 of the Agricultural Trade and Development Act of 1954 which are in harmony with the purposes of the Mutual Security Act.

MOVEMENT OF MIGRANTS AND REFUGEES (SEC. 405)

The House bill authorized funds for United States contributions to the Intergovernmental Committee for European Migration (ICEM). The Senate amendment in addition specifically authorized the President to continue membership in ICEM in accordance with its constitution, approved on October 19, 1953.

While this was the intent of the House bill, it was felt desirable by the committee of conference specifically to express congressional approval of continued United States membership and United States acceptance of the new constitution. The conference agreement therefore preserves the additional language of the Senate amendment.

PALESTINE REFUGEES IN THE NEAR EAST (SEC. 407)

The House bill authorized the President to make use of the unexpended balance of funds previously appropriated for the United Nations Relief and Works Agency for Palestine Refugees through any other agency he might designate. The Senate amendment included this provision but in addition gave the President the same discretion as to the new money made available under this section.

The conference agreement retains the Senate language because it is believed that it fully maintains the position of the House in supporting the United Nations Relief and Works Agency for Palestine Refugees, but made allowance for the fact that circumstances which would justify the use of another agency for spending the funds carried over might justify the same course of action as to the new money.

NORTH ATLANTIC TREATY ORGANIZATION (SEC. 408)

Both the House bill and the Senate amendment authorized the appropriation for 1955 of \$3,200,000 for payment by the United States of its share of expenses of NATO. The Senate amendment, however, provided in addition for a continuing authorization. The conference agreement retains the Senate language.

In adopting this language, the committee of conference believes it is desirable to include appropriations for as many international organizations in which the United States participates, on other than a temporary basis, in the Department of State appropriation bill. This would in such cases obviate the necessity of seeking new authorizations in succeeding years and thus facilitate the mechanism for continued United States participation.

STRATEGIC MATERIALS

The House bill (sec. 412) authorized the carryover of unexpended funds previously appropriated to assist in procuring and stimulating increased production of materials in which the United States or nations receiving United States assistance are deficient. The Senate amendment did not include such authorization.

The conference agreement eliminates this section. Information supplied to the committee of conference indicated that only a small sum remained unobligated under this section and the prospective uses for these unobligated funds appeared so vague and indefinite that a continuing authorization did not seem justified.

ENCOURAGEMENT OF FREE ENTERPRISE AND PRIVATE PARTICIPATION (SEC. 413)

Section 413 (a): In declaring congressional policy on encouragement of free enterprise and private participation in the mutual-security program, the Senate amendment broadened the House bill to include a statement of congressional recognition of "the vital role of free enterprise in achieving rising levels of production and standards of living essential to the economic progress and defensive strength of the free world."

Since it was the intent of the House bill to reaffirm congressional policy in this subsection, the committee of conference agreed to include this language, contained in prior mutual-security legislation, in the conference agreement.

Section 413 (b) (2): The House bill provided that the President "shall accelerate a program of negotiating treaties for commerce and trade, or other temporary arrangements where more suitable or expeditious, which shall include provisions to encourage and facilitate the flow of private investment to nations participating in programs under this act." The Senate amendment deleted "or other temporary arrangements where more suitable or expeditious" and substituted the phrase "including tax treaties."

In adopting the Senate language, it is the view of the committee of conference that the substitution of tax treaties spells out a specific field of treaty negotiation important to the program of encouraging and facilitating the flow of private investment overseas.

Section 413 (b) (3): The Senate amendment required the President to insist upon full compliance by other countries with commercial-type treaties which they have entered into with the United States. It further directed the President to use all reasonable measures which may be available to him under this or any other law to secure compliance with treaties which have been declared to be valid by the International Court of Justice and to secure damages, when these are provable on the basis of valid and properly submitted claims, for any American citizen who has suffered as a result of unfair

action in violation of such treaties. The House bill contained no such provision.

The committee of conference agreed to a modification of the Senate language. The conference agreement carries out the purpose of the Senate amendment to help in obtaining protection of the rights of American citizens abroad in conformity with the objectives of the mutual security program.

Section 413 (b) (4) (B) (ii): The House bill extended the coverage of investment guaranties to include war, revolution, or insurrection. The Senate amendment did not include this coverage. While the conference agreement omits the broadened coverage of the House bill, the committee of conference expressed its view that the investment guaranty program as contained in the agreement is an important part of private enterprise participation in the mutual security program.

MUNITIONS CONTROL (SEC. 414)

The Senate amendment included "technical data relating thereto" within the items subject to control under this section. The House bill did not include such language.

The conference agreement includes the Senate provision. It is believed that control over technical data, although difficult to administer except when wartime censorship is in effect, is important to United States security and that those responsible for controlling the export and import of munitions should be given such authority.

ASSISTANCE TO INTERNATIONAL ORGANIZATIONS (SEC. 415)

The House bill authorized the use of funds available for defense support and joint control areas for a strategic stockpile of foodstuffs for NATO. The Senate amendment made available defense support, development assistance and joint control area funds for aid to NATO, the European Coal and Steel Community, the Organization of European Economic Cooperation (OEEC), and the European Payments Union and similar organizations.

The conference agreement retains the language of the House bill. In adopting the House language, the committee of conference made it clear that no lack of United States interest in encouraging these organizations was intended. The Senate language was considered unnecessary, since no programs were presented to the Congress which would justify the Senate language at this time.

EMIGRATION TO U. S. S. R.

The House bill (sec. 415) contained a provision authorizing payment of expenses of travel of any resident in the United States to the Union of Soviet Socialist Republics for the purpose of establishing permanent residence there, with the stipulation that such resident shall not be readmitted to the United States. The Senate amendment did not contain this provision. Certain psychological advantages to be derived from such a proposal are obvious, but the question of administrative difficulties led to its omission from the conference agreement.

IRISH COUNTERPART (SEC. 417)

When assistance to Ireland under the Economic Cooperation Act of 1948 was terminated, a balance amounting to approximately 6 million Irish pounds remained in the counterpart account established by Ireland as required by that act. The United States and Ireland entered into an agreement on June 17 of this year providing for the disposition of this balance within Ireland for the purposes of scholarship exchange between the two countries and other programs and projects to improve and develop the agricultural production and marketing potential of Ireland and to increase the production and efficiency of Irish industry.

Under the Economic Cooperation Act of 1948, this agreement is subject to approval

by the Congress. The Senate amendment contained a provision approving the agreement. No such provision was in the House bill. The conference agreement retains the Senate language.

TRANSFERABILITY OF FUNDS (SEC. 501)

The House bill provided that the funds available to carry out any provision of the bill may be increased by not more than 10 percent of the amount appropriated pursuant to that provision (including any unexpended balances carried over), through a transfer from the funds available to carry out any other provision, so long as the latter funds are not reduced, by reason of the transfer, by more than 10 percent of the amount appropriated (including carryover) pursuant to that provision.

The Senate amendment provided broader transfer authority. It fixed no limit on the amount by which any funds may be increased by such a transfer. Also, because the Senate amendment applied the 10 percent limit on reductions to the total amounts available under titles, chapters, and sections, it permitted a greater than 10 percent reduction in the case of funds (such as those for defense support for Europe) appropriated pursuant to a provision within a section.

The committee of conference adopted the language of the House bill except that limit on the increase of any provision by transfer was made 20 percent. This change would make possible a more adequate increase to meet unforeseen developments in the case of certain small authorizations where a 10 percent increase, as provided in the House bill, would permit the transfer of an inadequate sum.

TERMINATION OF ASSISTANCE (SEC. 503)

The committee of conference recognized a certain danger in maintaining a separate agency concerned exclusively with the administration of foreign aid. There is inevitably a tendency for such an agency to regard the supplying of aid to foreign nations as a normal, continuing process.

The committee of conference believes that aid to other countries should be supplied only in exceptional circumstances to meet specific situations. Although the United States may be required to give aid every year during the period of acute danger from the Soviet Union, each total annual program should be made up of individual temporary programs to meet emergency situations in particular countries or areas.

It is desirable that permanent legislation be in effect, setting forth the conditions, procedures and limitations of such aid programs, in order that assistance can be given promptly and effectively when necessary.

It is not desirable to maintain a special agency devoted to developing and administering assistance programs throughout the world. Under the circumstances such programs tend to become an end in themselves. Instead, the regular departments of Government responsible for foreign policy and for defense should exercise the legislative authority which this bill provides to make available necessary aid when an emergency justifies such action. There should be no incentive, however, for those responsible for such action to perpetuate these aid programs.

For these reasons the committee of conference agreed to a provision specifically terminating the Foreign Operations Administration on June 30, 1955, and providing for the transfer of its remaining functions to appropriate departments of the executive branch.

LOANS (SEC. 505)

The House bill provided that not less than 10 percent of the amounts obligated from appropriations made under titles I and II of the bill (excluding amounts carried over

from prior appropriations) shall be used to make loans. The Senate amendment provided that of the funds made available under the bill (excluding military assistance funds, but including foreign currencies accruing under section 402, the surplus agricultural commodity program) the equivalent of not less than \$150 million shall be used to make loans.

The conference agreement provides that not less than \$200,000,000 shall be used to make loans and funds under chapter 1 of title I (direct military) are included within this provision. The percentage provision of the House bill would have required that approximately \$300,000,000 would be loaned. The figure agreed upon reflects the evaluation of the committee of conference of the possibilities for using funds effectively on a loan basis.

SHIPPING ON UNITED STATES VESSELS (SEC. 509)

The Senate amendment contained language not included in the House bill which made clear that 50 percent of cargoes destined for joint control areas should be transported on United States vessels and that shipments on United States vessels should only be made when the rates are fair and reasonable.

The managers on the part of the House accepted this language since it is consistent with and clarifies the intent of the House.

NOTICE TO LEGISLATIVE COMMITTEES (SEC. 513)

The House bill required notice to be given to the appropriate committees of Congress whenever action is taken under the bill which will result in furnishing assistance substantially different from the program presented to the Congress during its consideration of the bill. The Senate amendment replaced this provision with a provision requiring that the appropriate committees be kept currently informed of substantial changes in programs and of the reasons therefor, except for changes directly resulting from changes made by Congress in the legislative proposals submitted by the executive branch.

The committee of conference adopted the House language with one clarifying modification. Particular attention was given to the danger that this requirement might impose an intolerable administrative burden on the executive branch in reporting program changes. The conclusion was reached that the requirements of this section need not impose an undue administrative burden on the Executive. It is not required or desired that day-to-day operating adjustments in programs should be reported to the committees of Congress. It is anticipated that a new type of cooperation between the administrators of the mutual security program and the committees of Congress will result from the enactment of this section.

INTERNATIONAL EDUCATIONAL EXCHANGE ACTIVITIES (SEC. 514)

The Senate amendment included a provision authorizing the Secretary of the Treasury to reserve, at the request of the Secretary of State, foreign currencies owed to or owned by the United States for sale to the Department of State for use in the international educational exchange program (Fulbright). Sales of such currencies on the basis of the dollar value at the time of reservation was authorized.

The managers on the part of the House accepted the Senate provision. All local currencies used in this program must be purchased from the United States Treasury with dollars appropriated by the Congress, and these dollars are specifically limited for use to purchase such foreign currencies. If such foreign currencies are not available in the United States Treasury, these dollars cannot be used and the educational exchange program is correspondingly reduced.

DELEGATION OF AUTHORITY BY THE PRESIDENT— TECHNICAL COOPERATION (SEC. 521)

The House bill provided that the President "may exercise any power or authority conferred on him by this act through such agency or officer of the United States as he shall direct." The Senate amendment contained the same provision but added a mandate that after June 30, 1955, the President shall exercise the powers conferred upon him under title III (technical cooperation) through the Secretary of State.

It was the view of the committee of conference that the technical cooperation program is a long-range program representing an important feature of United States foreign policy, and hence should be placed in the Department of State following the termination of the Foreign Operations Administration. The conference agreement reflects this view by including the additional Senate language.

EMPLOYMENT OF PERSONNEL (SEC. 527 (C) (1))

The Senate amendment provided that section 1005 of the Foreign Service Act shall apply to persons employed or assigned under section 527 of the bill by the Director of the Foreign Operations Administration to carry out mutual security programs abroad. Section 1005 of the Foreign Service Act includes a prohibition against the application of any political test in employment matters. No such provision was included in the House bill.

In order to make possible the appointment of policymaking officials who are in full sympathy with the program of the Administration the conference agreement incorporates the Senate language with a modification exempting policymaking officials from the operation of section 1005 of the Foreign Service Act.

WAIVERS OF CERTAIN FEDERAL LAWS (SEC. 533)

The Senate amendment included authorization for the President to waive provisions of law relating to the making of contracts and the expenditure of Government funds. An identical provision was stricken from the bill by the House.

The managers on the part of the House accepted the Senate language with an amendment which does not permit waiving the provisions of the Renegotiation Act of 1951. It is understood that this amendment meets the objection raised to this section in the House.

Under the Renegotiation Act the Renegotiation Board has authority to waive the applicability of renegotiation to any contract entered into with a foreign entity upon recommendation of an executive department.

ROBERT B. CHIPERFIELD,
JOHN M. VORYS,
WALTER H. JUDD,
THOMAS S. GORDON,
LAURIE BATTLE,

Managers on the Part of the House.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the Appendix of the RECORD, or to revise and extend remarks, was granted to:

Mr. EBERHARTER and to include extraneous matter.

Mr. HUNTER and to include an editorial.

Mrs. ROGERS of Massachusetts.

Mr. MILLER of Nebraska in three instances and to include an editorial.

Mr. RHODES of Arizona and to include an article, notwithstanding the estimated additional cost will be \$311.70.

Mr. LANE in three instances and to include extraneous matter.

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8. LEGISLATIVE PROGRAM. Sen. Knowland said: "If action on the farm bill can be completed at a reasonable hour tomorrow, the Senate could then proceed to a call of bills on the calendar as to which there is no objection. If discussion of the bill should continue through tomorrow and tomorrow evening, it may be necessary to take up the social-security bill, the conference report on the atomic-energy bill, and the conference report on the mutual-security bill, before proceeding to a call of the calendar... The adjournment resolution will require an amendment providing that the House shall adjourn sine die while the Senate continues in session or takes a recess, as might be determined by the Senate, in order to solve its own problems." (pp. 13168-9.)

9. FOREIGN-AID APPROPRIATION BILL, 1955. In reporting this bill, H. R. 10051, (see Digest 151) the Appropriations Committee stated in its report: "For the last fiscal year, the surplus commodity program totaled \$245 million and for fiscal 1955, it is estimated that \$350 million in surpluses will be utilized over a wide area. In addition to the provisions of this bill for the disposition of commodities wherever feasible and practicable, it should be pointed out that the Agricultural Assistance and Development Act enacted by this Congress contains authority for the disposition of an additional \$700 million in surplus commodities under certain conditions and it is expected that this new program on a quid quo basis will displace all other programs which have been carried on on a grant basis."

The committee recommended \$9,957,621 for multilateral technical cooperation, a reduction of \$8,000,000 from the budget estimate. The House had denied this request entirely. The committee report states: "This appropriation is made with the understanding that no further pledge shall be made to the United Nations for the expanded technical assistance program...without prior authorization by the Congress... This appropriation is made with the further understanding that a study will be instituted by the Senate Committee on Appropriations of the relationship of the United States Government to the whole multilateral technical assistance program..."

The committee struck out a provision in Sec. 104 which was commented upon in the committee report as follows: "Under the provision which has been stricken by the committee, the administration would have been required to purchase local currency funds received under section 550 from the new appropriations contained in this bill before they could be used despite the express provision included in section 550. This would have the effect of penalizing those countries which are cooperating with the United States by purchasing surplus agricultural commodities."

HOUSE

10. FOREIGN AID; SURPLUS COMMODITIES. Agreed; 202 to 55, to the conference report on H. R. 9678, the mutual security authorization bill (pp. 13079-83). For provisions of the conference report see Digest 150.

11. ATOMIC ENERGY. Agreed to the conference report on H. R. 9757, the atomic energy bill (H. Rept. 2639) (pp. 13056-78). The conferees agreed to a provision to make it certain that AEC may, if it obtains funds from Congress, construct atomic energy plants for the purpose of generating electricity, but that such plants must be built on the basis of a research and development project and not for the sole purpose of generating commercial electricity. They agreed that, in the event AEC has any surplus byproduct electrical energy, it may use it, sell it to another public body or to private institutions, and, insofar as practicable, AEC must give preference to public bodies and cooperatives in the sale thereof. The conferees agreed to a provision to make it clear that

any Federal agency or any public agency which may be otherwise empowered by law to do so, and which may have funds therefor, may apply to AEC for a license to generate electricity from an atomic reactor. They deleted the House provision to permit cancellation of any international agreement arrived at under the proposed law by concurrent resolution or, under certain circumstances, by the President. The conferees agreed to a provision requiring that any patent conceived by any individual during the course of any association with the Government's atomic energy program shall become the property of the U. S. Government unless AEC may be willing to surrender its claim to a particular patent. They also agreed that AEC may give preference in issuing licenses for the manufacture of production or utilization facilities of a commercial or research nature, to those willing to make available for general use, at a royalty, whatever patents may be conceived.

12. FARM LOANS. Received the conference report on H. R. 8152, to extend the direct home and farmhouse loan authority of VA under title III of the Servicemen's Readjustment Act of 1944, and to make additional funds available therefor (H. Rept. 2652) (p. 13078). The conference agreement provides that the direct loan program shall continue until June 30, 1955, permits the sale of previously made loans to individuals, and authorizes \$37,500,000 for each quarter beginning July 1, 1954.

13. PERSONNEL. Passed, 351 to 29, with amendments, H. R. 9245, to increase postal employees' pay by 7% (pp. 13028-51).

The House Administration Committee reported (Aug. 6) with amendment, H. R. 7745, to amend the Hatch Act relating to political activities by Government employees, so as to modify the penalties and other provisions of the Act relating to employees of State or local agencies whose activities are financed in whole or in part by loans or grants from the Federal Government (H. Rept. 2638). This bill was passed on Aug. 5, prior to being reported (see Digest 150).

The Post Office and Civil Service Committee reported without amendment H. R. 9586, to amend the Civil Service Retirement Act so as to limit annuities to employees with 1 year of civilian service in the 2-year period immediately preceding separation (H. Rept. 2648) (p. 13106).

BILLS INTRODUCED

14. PERSONNEL. H. R. 10193, by Rep. Frazier, to amend the Veterans' Preference Act of 1944 in order to give preference in promotions and transfers to preference eligibles under the provisions of such act; to Post Office and Civil Service Committee (p. 13107).

15. SURPLUS LAND. S. 3847, by Sen. Eastland, to provide that certain land acquired for flood-control purposes which is suitable for agricultural use be disposed of as surplus property; to Public Works Committee (p. 13112).

ITEMS IN APPENDIX

16. PRICE SUPPORTS. Sen. Bowring inserted a Milwaukee-Journal editorial discussing the effects of price supports on surpluses and stating that "Only one thing seems obvious: There is no simple solution to this farm surplus problem" (p. A5850).

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the House to the bill S. 3546, which would provide an immediate program for the modernization and improvement of such merchant-type vessels in the reserve fleet as are necessary for national defense, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

S. 3546 as passed by the Senate provided that within 12 months after the date of the enactment of this act the Secretary of Commerce shall enter into contracts for the repair, modernization, and conversion of vessels as may be necessary to carry out the provisions of this act. It further provided that such contracts may provide for expenditure by the United States of not more than \$45 million. It also provided that such contracts should be with private shipbuilding or ship-repair yards on the Atlantic, Pacific, and gulf coasts of the United States, and on the Great Lakes or other inland waterways. It also provided that in entering into such contracts the Secretary of Commerce shall not alter the present Maritime Administration policy of inviting split bids for drydock and nondrydock work. It required that bids on any such contracts shall include any towage and insurance cost involved. Finally, it authorized to be appropriated such sums of not in excess of \$45 million as may be necessary to carry out the provisions of this act.

As amended by the House, S. 3546, extended the 12-month period to 24 months; reduced the \$45 million authorization and contract ceiling to \$25 million; deleted the Great Lakes or other inland waterways provision; deleted the provision requiring the Secretary of Commerce not to alter the present Maritime Administration policy of inviting split bids for drydock and nondrydock work; deleted the requirement that bids on any such contract shall include towage and insurance cost involved, and inserted a provision that the contracts in question may be negotiated without competitive bidding whenever such action is determined by the Secretary of Commerce to be necessary to carry out the purpose of this act.

It was the view of the conference committee that the House amendments, with two exceptions, were sound and should be adopted. The first exception raised by the Senate conferees and concurred in by the House conferees was that the bill should provide that in entering into such contracts the Secretary of Commerce shall not alter the present Maritime Administration policy of inviting single bids or split bids or both for drydock and nondrydock work. The second exception raised by the Senate conferees and concurred in by the House conferees was that the provision that the contracts in question may be negotiated without competitive bidding whenever such action is determined by the Secretary of Commerce to be necessary to carry out the purpose of this act is unnecessary in view of the fact that under present law, in appropriate situations, the Secretary of Commerce already has the power.

THOR C. TOLLEFSON,
JOHN J. ALLEN, JR.,
JOHN H. RAY,
HERBERT C. BONNER,
JOHN F. SHELLEY,

Managers on the Part of the House.

nishing assistance to friendly nations, and for other purposes, and I ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

Mr. GROSS. Mr. Speaker, reserving the right to object, is this the proper point to reserve a point of order against the conference report?

The SPEAKER. It is.

Mr. GROSS. The gentleman from Iowa then wishes to reserve a point of order against the conference report and to be recognized on that point of order at the proper time.

The SPEAKER. The gentleman reserves a point of order and he may be recognized when the statement is read.

Is there objection to the request of the gentleman from Ohio?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of August 5, 1954.)

Mr. GROSS. Mr. Speaker, I make the point of order that certain Members of the House of Representatives exceeded their authority in connection with the conference report on the bill H. R. 9678; that therefore the pending conference report is improperly before the House.

Mr. Speaker, I submit that the rules of the House provide clear language with respect to procedure by which the House agrees to a conference and authority is given for the appointment of conferees or managers on the part of the House.

I call attention to the fact that the House of Representatives met at 12 o'clock noon on August 4, 1954; that thereafter a message was received from the Senate informing the House that the other body had passed H. R. 9678, with an amendment in which the concurrence of the House was requested; that later in the House session of the afternoon of August 4, 1954, the gentleman from Ohio [Mr. VORYS] asked unanimous consent to take from the Speaker's desk the bill H. R. 9678, disagree to the Senate amendment, and agree to the conference asked by the other body. Subsequently, on the afternoon of August 4, 1954, the Chair appointed conferees on the part of the House.

Mr. Speaker, I make the point of order that even before the papers were received from the other body, requesting a conference on the part of the House, before authority was given by the House for a conference, and well before the formal appointment of conferees on the part of the House, certain Members of the House of Representatives had apparently designated themselves as conferees and entered into agreement on one or more substantial issues in disagreement in connection with the bill H. R. 9678; that such agreement or agreements were entered into even before the House of Representatives formally and officially convened at 12 o'clock noon on August 4, 1954, and gave assent to a conference.

I further point out that President Eisenhower, at his press conference on

or about 10:30 o'clock in the morning of August 4, 1954, deplored a substantial reduction in funds authorized under H. R. 9678; that a member of the alleged conference between the two bodies publicly stated that even before the President made his statement an agreement had been reached to restore these funds at least in part.

Mr. Speaker, I can find no precedent which permits Members of the House to enter into a conference without first obtaining authority from the House for so doing. The weight of all precedents governs from the initial authority for a conference, the appointment of conferees and their conduct flow therefrom.

Mr. Speaker, I respectfully submit that the rules of the House are clearly set aside when Members of the House of Representatives, whether from the Foreign Affairs Committee or any other committee, designate themselves as conferees or managers on the part of the House and enter into alleged conference agreements without direct authority on the part of the House.

I insist, Mr. Speaker, that if such action is tolerated, the well-defined rule providing for the instruction of conferees or managers on the part of the House, and other vital rules pertaining to conference procedure will be made meaningless, and lead to procedural chaos.

I ask that the point of order be sustained, Mr. Speaker, and that the bill, H. R. 9678, be returned to the status it occupied before being sent to conference.

The SPEAKER. The Chair wishes to state on the gentleman's point of order that he has no cognizance of informal meetings that may have been held. As a matter of fact, he would not know what Members were doing if they met informally in a group to discuss any specific subject. All the Chair can do is to take the report that is here. All 10 signatures are on the conference report. The conference report is here in a legal manner.

Therefore, the Chair overrules the point of order.

Mr. VORYS. Mr. Speaker, we are now taking up a conference report on an authorization bill after the appropriations it was supposed to have authorized have passed the House and also have been acted on by the appropriate committee in the other body. Therefore, a great deal of the excitement has gone from this measure.

The amount of appropriations passed by the House and those that are tentatively adopted by the committee in the other body are below the amount authorized by the conference report. That is another reason the conference report is not very exciting. Of course, the amounts in this bill are limitations on appropriations, and provide ceilings, not money.

The House provided a bill for 1955 authorizations of appropriations of \$3,368,608,000. We had future authorizations for infrastructure and certain authorizations on which there were no limits. That is, in this legislation, on the large important items, we put limits on the authorizations, but there are some items

MUTUAL SECURITY ACT OF 1954

Mr. VORYS. Mr. Speaker, I call up the conference report on the bill (H. R. 9678) to promote the security and foreign policy of the United States by fur-

on which we put no limits on appropriations. This is the case in the authorizations in many of the legislative committees, as you well know. In any case, what was done on limitations of amounts in the committee of conference was this: The conferees legally met and started to confer. They were faced by the fact that the House had already acted on the appropriation under a special rule, and the other body was starting to act. So we split the difference between our two bills. We threw off about \$314 million. They did the same. We came out with an authorization figure for the fiscal year 1955 of \$3,054,568,000. The only amount for future appropriation on which any authorization was limited was for future slices of infrastructure, of \$198,300,000.

Possibly the most significant thing done in the conference was the agreement on termination. Under the conference agreement the Foreign Operations Administration is to be terminated at the close of business on June 30, 1955. For the first time in many years, we will not have any independent agency or semi-independent agency dispensing foreign aid. From that time on the regular departments will take over such activities as will proceed under this program.

On June 30, 1955, title II, Development Assistance, will also terminate, with 1 year after that, to liquidate and wind up and transfer their affairs to the regular departments.

Title I, military assistance, has no termination date in it, nor has title III, technical assistance. We did not want to tell Congress, our own people, our allies, or our enemies that we were going to terminate military assistance to those who are ready, able, and willing to fight in the common cause until such time as the threat by our enemies ceased. We did not want to place any date on the windup of this technical assistance program which has been so popular and so valuable.

Title IV contains certain other programs which will be continued under the regular departments.

This labor of your committee replaces 14 scattered bills and laws and establishes, I think, a more coherent and consistent administration for the implementation of the foreign policy of the United States under President Eisenhower.

Mr. Speaker, I now yield to our distinguished chairman.

Mr. CHIPERFIELD. Mr. Speaker, first of all, as chairman of the Foreign Affairs Committee, I want to thank every member of my committee for the conscientious job they did while considering this mutual-security bill. Not only in the hearings before the Foreign Affairs Committee, but subsequently on the floor of the House.

I also want to commend the House conferees for their conscientious work in bringing to the House this conference report. I am of the firm opinion it reflects the views of the great majority of the House.

In passing I cannot help but pay tribute to the entire staff of the committee

for the splendid work they have done and their untiring efforts in behalf of the committee.

It is most difficult to pick out one member of the committee for his outstanding work but every Member in this House knows that the distinguished gentleman from Ohio [Mr. Vorys], has done a magnificent job, both in committee and handling this bill on the floor and I believe the House owes him a debt of gratitude for his efforts.

Mr. Speaker, in my opinion, one of the most outstanding accomplishments of your House conferees is that they made a reduction in conference of \$314 million from the House bill. At first blush one would think this was not carrying out the will of the House, but when you take into consideration that the House passed an appropriation bill on this subject which was about the same amount below the House authorization bill, one finds that the conferees have very accurately reflected the views of the House.

It seems to me it would be well at this point to call to the attention of the House the general trend which this legislation has taken. In 1952 President Truman, in his last budget request, asked for \$7.9 billion for foreign aid. President Eisenhower asked for \$3.6 billion this year. While legislative action is not complete on this year's foreign-aid bill, it cannot be much more than \$3 billion and will probably be less. There is no doubt but this session of Congress will cut our foreign aid more than 50 percent below the 1952 figure.

Another significant feature of this bill has been the changing pattern of foreign aid from economic to military. We all recall that under the Marshall plan foreign aid was almost 100 percent economic, but with the initiation of the mutual-security bill there has been a most significant change until now this year's bill carries between 75 and 85 percent for military support to our allies and only a relatively small proportion for economic aid which is largely devoted to carrying out the point 4 program. So we have seen a shift from 2 years ago when our aid was about equally divided between economic and military to the vast majority of our aid being for military purposes to our allies for our own security and the defense of the free world.

This means virtually abandoning economic aid per se. If the need for foreign aid is due to the continued pressures of the Soviet on the free world then we ought to get out of the economic aid business and limit our assistance to military goods and supporting equipment that will make it possible for us and our friends to defend ourselves.

One of the most important successes won by the House conferees in their negotiations with the Senate conferees involved the disposal of United States surplus agricultural commodities. A total of \$350 million of the funds available are to be used only to pay for surplus farm products. As a result of insistence by the House conferees language was included requiring that these American farm products be sold rather than given away to foreign nations receiving

United States aid. Such sales will be made for foreign currencies rather than United States dollars but these currencies will belong to the United States and will be subject to United States control. We can use that local money to pay for things we have to buy in those countries. It saves our taxpayers their hard-earned dollars and at the same time helps us get the items we need.

This year the House insisted on putting in a loan provision. Instead of giving this money away, we are willing to lend some of it. This is a new departure—but I hope one that will be followed more frequently. Under the new bill not less than \$200 million can be used only to make loans and should result in a subsequent saving of this amount for our hard-pressed taxpayers.

In its final form, the bill retains the provision which originated in the House Foreign Affairs Committee limiting offshore procurement. Before funds authorized in this bill are used to buy military equipment in foreign countries the President has to consider whether such procurement will have an adverse effect on the United States economy, particularly in areas where unemployment exists. This restriction will result in channeling a significant amount of the funds provided by the bill into United States manufacturing communities.

But the most important thing of all that your conferees accomplished was the way they terminated the Foreign Operations Administration at the end of the current fiscal year. Your conferees did not terminate the military or the point 4 programs because they realized it would be necessary for them to continue for a considerable period of time. The FOA never particularly objected before to an across-the-board termination date being put into this bill because they knew that the necessity of continuing military and point 4 aid would automatically continue the agency.

This separate agency's functions of dispensing economic aid and other minor programs could well be handled by other permanent agencies without it being perpetuated.

The reason why it is necessary to continue military aid is obvious. While we do not know the answers to many important questions, however, we do know the Soviet threat still confronts us and that it has not diminished in any way.

For example, we do not yet know the answers in southeast Asia. The armistice in Indochina has created new problems and new uncertainties. The full consequences of recent developments in that area are not yet known. The hostilities there were not our war and the cease-fire agreements bringing the fighting to an end were not our agreements. Nevertheless, we must recognize that the situation which remains in that part of the world constitutes a threat to the security of the United States. We have recognized that fact by shifting our major emphasis from military aid to Europe to equal emphasis in that area.

It is, therefore, plain that as long as the Soviet threat continues, for our own security and defense we must help those who will help us defend the free world.

If war should come I want it fought as far away from our shores as possible. I do not want to fight it alone but want the help of all the allies we can secure on our side. We never should put ourselves in the position of being the sole gladiator to save the world.

One of the most popular programs which we have initiated is the rehabilitation of backward countries—the point 4 program. In my opinion we get more for our money from this type of program than any other. But under the administration of this program there was a decided tendency to broaden out its scope and instead of confining it to technical assistance, scientific advice, and so forth, it was rapidly becoming a worldwide WPA. Instead of giving limited technical assistance and co-operation we found ourselves building huge dams, watersheds, powerplants, and other industrial projects which certainly should not be under this program and should not be in the form of grants but if undertaken at all should be made in the form of loans. It believe the Foreign Affairs Committee should be congratulated in the provision that it has inserted in this bill which limits the jurisdiction and the scope of the technical assistance program to its original purposes.

So it is clear that by the continuation of the military and point 4 programs an opportunity is presented to discontinue the separate FOA agency. This clears the way for elimination of economic aid.

The bill recognizes the undesirability of maintaining an agency concerned exclusively with the administration of foreign aid. There is inevitably a tendency for such an agency to regard the supplying of aid to foreign nations as a normal, continuing process.

Aid to other countries should be supplied only in exceptional circumstances to meet specific situations. It is not desirable to maintain a special agency devoted to developing and administering assistance programs throughout the world. Under the circumstances such programs tend to become an end in themselves.

Instead, the regular departments of Government responsible for foreign policy and for defense will exercise the legislative authority which this bill provides to make available necessary aid when an emergency justifies such action and not a separate agency such as FOA. There should be no incentive, however, for those responsible for such action to perpetuate these aid programs.

Mr. Speaker, I urge the adoption of this conference report regardless of the questions and difficulties which I have raised. We must act. We cannot wait for the dust to settle. The men in the Kremlin must know that the United States has at hand the means of meeting any situations with which we are confronted.

(Mr. CHIPERFIELD asked and was given permission to revise and extend his remarks.)

Mr. VORYS. Mr. Speaker, I now yield to the gentleman from Illinois [Mr. GORDON].

Mr. GORDON. Mr. Speaker, I believe that the conference report on H. R. 9678 represents a fair compromise between the bill that passed the House and the bill that passed the Senate and I am convinced that it is the best agreement which was obtainable.

In the case of the mutual security bill, as is the case of most legislation, there were important differences between the House and Senate versions. Under the circumstances we cannot expect that the other body will recede on all points and that the House bill will emerge from conference without change.

The authorization of funds was compromised on a strictly 50-50 basis. The Senate went up and the House went down by an equal amount. The details of the funds are shown in the statement of managers. I can think of no more equitable way of reconciling these differences.

In general, it can be fairly said that the House insisted on provisions which tighten the administrative control of the program.

In the case of transfers authorized for one purpose—such as military—to another purpose—such as development assistance—the House was able to retain a limitation that no authorization could be increased by more than a designated percentage. No such limitation was in the Senate bill nor in previous legislation. This will prevent transferring a large sum from a large authorization into a small authorization with the result that an amount several times as large as that voted by the Congress for a specific purpose may be made available. The percentage for this type of transfer in the House bill was 10 percent and the conference agreement raised this to 20 percent. Nevertheless, the Senate bill had contained no limitation of this nature.

The conference agreement also preserves the language of the House bill, requiring that the committees of Congress be given much more detailed and frequent reports of changes in the mutual security program than was formerly the case. This requirement is intended to prevent the tendency, manifested in a number of instances during the last fiscal year, of the administrators of the program to submit to the Foreign Affairs Committee detailed figures for their anticipated programs in a country and then carry out entirely different programs there.

I am glad to report that the House conferees receded on one important point. The conference agreement contains a provision that the overseas personnel hired under this legislation shall not be subject to any political test for employment except for policy making officials.

The conferees worked hard and there were many technical provisions that required careful attention. I feel that a good job has been done and that the House should accept this report.

Mr. VORYS. Mr. Speaker, I yield to the gentleman from Minnesota [Mr. JUDD].

Mr. JUDD. Mr. Speaker, I want to call attention to one section in the MSA bill and in the conference report, in part

to make clear to the agency that will administer this law the plain intent of the Congress. It is section 402, which earmarks \$350 million of the funds authorized to be made available under this act to be used only for the export and sale for foreign currencies of surplus agricultural commodities.

The Members of the House will remember that last year there was put into the MSA bill in conference section 550, which the administrative agencies did not welcome because they would like to have had a wholly free hand. It required that they use not less than \$100 million and not more than \$250 million to purchase our surplus agricultural commodities and export them for sale in lieu of American dollars or other means of giving assistance. When compelled by the law to use that procedure, they disposed of \$245 million worth of surplus agricultural commodities abroad during the last fiscal year.

The program has proved remarkably successful and has moved more surplus commodities into useful commerce than any other provision of law. But, like all new programs, it needed to be reviewed. The main provisions of section 550 had been incorporated into a new bill by the Committee on Agriculture and passed by the House some weeks ago as the so-called Agricultural Trade Development and Assistance Act. So the part of the foreign-aid legislation last year which dealt with use of agricultural surpluses had been removed and was now in agricultural legislation. Hence, we had to write section 402 so as to try to tie these two programs together, one to be administered by the Department of Agriculture under the bill from the Committee on Agriculture and the other by the FOA in the promotion of our foreign policy.

There are four points that ought to be made perfectly clear from the language of the act itself in section 402 and the comments on it in the conference report on page 41. The first point is that at least \$350 million of the funds appropriated must be used to finance the export and sale for foreign currencies of surplus agricultural commodities.

The agencies preferred authorization to let them either give away or sell the commodities. The conference report makes clear that they must sell, or else not use that amount of money at all. The foreign currencies received accrue to the credit of the United States. They are not owned by the recipient countries as are counterpart funds generated by grants. They are not jointly owned. They are owned by the United States. Therefore, they can be controlled by the United States and can be used to further other proper interests of the United States than just assistance to the countries, in helping them strengthen their defenses, which is the main objective of the Mutual Security Act.

Second, the commodities will have to be sold under uniform procedures. In the past, there has been an occasion or two where the Commodity Credit Corporation or the Department of Agriculture was selling at world prices as they are required to by the law, but the FOA was

making some offers at the prices prevailing within a purchasing country which were below world prices. Such a practice could lead both to dumping and to chaos in the foreign disposal of our surplus commodities. So this bill makes clear that whatever Government agency is handling the sale abroad of these commodities, the operations and procedures and practices must be uniform, and in accordance with criteria established in the Agricultural Trade Development and Assistance Act. The foreign governments must not be permitted to go from one agency of the United States to another agency and bargain back and forth with the idea they can get a better deal with one than with the other. So far as prices are concerned, and the use of private channels of trade, all transactions of this sort must be in accordance with uniform procedures.

Third, the agency managing the sale abroad of surplus commodities under this act and handling the foreign currencies received must constantly keep a weather eye open, if I may put it that way, for the interests of the United States, its trade, its markets, its sources of raw materials, while helping to build up the economy, military and political strength of friendly countries. Under section 104 of the Agricultural Trade Development and Assistance Act of 1954, one of the purposes for which the foreign currencies received shall be used is to "help develop new markets for United States agricultural commodities on a mutually advantageous basis."

Another objective is "to promote balanced economic development and trade among the nations." That is, in addition to serving the purposes of the Mutual Security Act, these currencies are to be used to serve the legitimate objective of developing expanding markets for our own commodities. There is a direction in the law to administer the program in such a way.

A fourth point is that these foreign currencies can be applied against the loan requirements under the act. At least \$200 million of the funds authorized to be made available must be in the form of loans for repayment, not just grants. These foreign currencies as well as dollars can be used to satisfy that requirement for loans.

Mr. Speaker, I wanted to make these points—merely for amplification of section 402 and in a sense to be a direction to those who are to administer the act.

GENERAL LEAVE TO EXTEND

Mr. VORYS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks.

The SPEAKER. Is there objection to the request of the gentleman from Ohio? There was no objection.

Mr. GROSS. Mr. Speaker, will the gentleman yield for a question?

Mr. VORYS. I yield.

Mr. GROSS. Section 533 contains a waiver of certain Federal laws. That was stricken in the House, was it not?

Mr. VORYS. Yes.

Mr. GROSS. And the managers on the part of the House agreed to the reinsertion of that—on what basis?

Mr. VORYS. You will remember the gentleman from Missouri [Mr. CURTIS] made a very able and compelling argument in the House in which he pointed out that the language which had been in the law since the ECA as it was in the House bill contained a waiver of provisions of the Renegotiation Act, and the entire waiver provision was stricken. Mr. CURTIS admitted later that some such waiver language was needed and, therefore, the conferees agreed to the waiver but exempted from the waiver the provisions of the Renegotiation Act of 1951. We had in the conference a series of laws which it was necessary to waive at times due to the fact that our offshore contracts are with foreign countries.

Mr. GROSS. Of course, the gentleman remembers that I offered an amendment.

Mr. VORYS. Yes.

Mr. GROSS. And it was stricken out by a vote of 122 to 70 or some such vote. If the gentleman will bear with me just a moment the gentleman understands that this sets aside many other laws besides the Buy American Act and any number of other laws. I could give him a recapitulation of the laws that are set aside.

Mr. VORYS. Yes; the conferees had them and they were also referred to in the House reports so that we were quite familiar with them. Remember, this refers only to contract and accounting requirements. The laws waived are listed in Executive Order 10519. This is needed to relieve procurement, shipment, and similar operations from technical restrictions that are unnecessary and cumbersome in connection with these overseas operations.

Mr. GROSS. Also, this provides that the President may spend the funds appropriated under this act in any way he may specify, is that not true?

Mr. VORYS. No, I do not think so. Other provisions in this bill apply to that. I will say to the gentleman that on that amendment, as on some others, what we had to do was to arrive at some ground with the other body where we could get together. They felt that they dropped out more of their bill than we did of ours. What we had to do was to split the difference on certain items and change the language around on others so that we could arrive at an agreement, as is nearly always the case with a conference report.

Mr. SMITH of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. VORYS. I yield.

Mr. SMITH of Wisconsin. Under the provisions for the purchase of agricultural surpluses, can the gentleman tell me how much is allowed for the purchase of dairy products?

Mr. VORYS. The whole \$350 million could be spent for dairy products, but I presume possibly they may pass it around a little. There is no specification of the amount for any particular surplus product.

Mr. JUDD. If the gentleman will yield, it depends upon how many buyers they

can find for the surplus commodities. This is not a grant. If it were a grant we could have written a directive that a certain percentage of the amount should be for this or that product, but this goes where we have to get people to buy our surplus commodities and pay for them.

Mr. SMITH of Wisconsin. Is it not also whether the State Department wants to send our surpluses abroad?

Mr. JUDD. They have to send at least \$350 million abroad under this, or not use the money at all.

Mr. VORYS. Under this provision they either spend the \$350 million for surplus agricultural products, as the gentleman from Minnesota [Mr. JUDD] has described, and I want to pay my compliments and the compliments of the committee and the conferees for the able work the gentleman from Minnesota has done on this, they either spend it for that or they do not spend it at all.

Mr. SMITH of Wisconsin. But this is all one lump sum, and, as you say, can be used for any agricultural product?

Mr. VORYS. Any surplus agricultural product.

Mr. SAYLOR. Mr. Speaker, will the gentleman yield?

Mr. VORYS. I yield to the gentleman from Pennsylvania.

Mr. SAYLOR. Is that fund in addition to the amount provided in section 415, which provides that in order to assist the international organization they are authorized to expend funds provided in section 131 and section 403 for strategic stockpiling of foodstuffs and other supplies?

Mr. VORYS. Yes. The strategic stockpile of foodstuffs would not come out of the \$350 million, I believe.

Mr. JUDD. That is right.

Mr. VORYS. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the conference report.

Mr. GROSS. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the conference report?

Mr. GROSS. Unqualifiedly and unequivocally.

The SPEAKER. The gentleman qualifies.

The Clerk will report the motion.

The Clerk read as follows:

Mr. GROSS moves to recommit the conference report to the committee of conference with instructions to the managers on the part of the House to insist on disagreement to that portion of the Senate amendment designated as section 533, "Waivers of certain Federal Laws."

Mr. VORYS. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit.

The question was taken; and the Speaker announced the ayes appeared to have it.

Mr. WILLIAMS of Mississippi. Mr. Speaker, I object to the vote on the ground that a quorum is not present, and I make the point of order that a quorum is not present.

The SPEAKER. The Chair will count. [After counting.] A quorum is not present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken, and there were—yeas 97, nays 266, not voting 69, as follows:

[Roll No. 140]

YEAS—97

Abernethy	Dolliver	Mack, Wash.
Adair	Dowdy	Martin, Iowa
Albert	Fisher	Miller, Nebr.
Alexander	Forrester	Mills
Andersen,	Fountain	Morrison
H. Carl.	Gentry	Moulder
Andrews	George	Nicholson
Ashmore	Grant	Norrell
Bailey	Gross	O'Hara, Minn.
Beamer	Hagen, Minn.	O'Konski
Bennett, Fla.	Haley	Passman
Bennett, Mich.	Hand	Phillips
Berry	Hardy	Reed, Ill.
Betts	Harrison, Nebr.	Rogers, Tex.
Bishop	Herlong	Scherer
Bonner	Hillelson	Short
Bow	Hoeven	Sikes
Bray	Hoffman, Mich.	Simpson, Ill.
Brooks, La.	Hruska	Smith, Kans.
Brown, Ohio	Jensen	Smith, Wis.
Budge	Jonas, N. C.	Stringfellow
Burdick	Jones, Mo.	Talle
Carlyle	Jones, N. C.	Teague
Cederberg	Kearney	Thomas
Church	Knox	Thompson, La.
Clevenger	Krueger	Van Pelt
Cole, Mo.	Laird	Velde
Colmer	Long	Whitten
Cooley	Lovre	Williams, Miss.
Coon	McCulloch	Willis
Cunningham	McGregor	Winstead
Davis, Wis.	McMillan	Young
Dempsey	McVey	

NAYS—266

Abbit	Davis, Tenn.	Hess
Addonizio	Dawson, Utah	Hiestand
Allen, Calif.	Deane	Hinshaw
Allen, Ill.	Delaney	Holifield
Arends	Derounian	Holmes
Aspinall	Devereux	Holt
Auchincloss	D'Ewart	Holtzman
Ayres	Dingell	Hope
Baker	Dodd	Horan
Bates	Dollinger	Hosmer
Battle	Dondero	Howell
Becker	Donohue	Hunter
Bender	Donovan	Hyde
Blatnik	Dorn, N. Y.	Ikard
Boland	Doyle	Jackson
Bolling	Durham	James
Bolton,	Eberharter	Jarman
Frances P.	Edmondson	Javits
Bolton,	Elliott	Jenkins
Oliver P.	Ellsworth	Johnson, Calif.
Bonin	Engle	Johnson, Wis.
Bosch	Fallon	Jones, Ala.
Bowler	Feighan	Judd
Bramblett	Fenton	Karsten, Mo.
Brooks, Tex.	Fernandez	Kean
Brown, Ga.	Fine	Kearns
Brownson	Fino	Keating
Broyhill	Fogarty	Kee
Buchanan	Forand	Kelley, Pa.
Burleson	Ford	Kelly, N. Y.
Bush	Frazier	Keogh
Byrd	Frelinghuysen	Kersten, Wis.
Byrne, Pa.	Friedel	Kilday
Byrnes, Wis.	Fulton	King, Calif.
Campbell	Gamble	King, Pa.
Cannon	Garmatz	Kirwan
Carnahan	Gary	Klein
Carrigg	Gathings	Kluczynski
Celler	Gavin	Landrum
Chelf	Goodwin	Lane
Chenoweth	Gordon	Lanham
Chiperfield	Granahan	Latham
Chudoff	Green	Lesinski
Cole, N. Y.	Gregory	Lipscomb
Cooper	Hagen, Calif.	McCarthy
Corbett	Hale	McConnell
Coudert	Harden	McDonough
Cretella	Harris	McIntire
Crosser	Harrison, Va.	Mack, Ill.
Crumpacker	Harvey	Madden
Curtis, Mass.	Hays, Ark.	Magnuson
Curtis, Mo.	Hays, Ohio	Mahon
Dague	Hébert	Mailliard
Davis, Ga.	Hesilton	Marshall

Matthews	Priest	Springer
Meader	Prouty	Staggers
Merrill	Rabaut	Stauffer
Marrow	Radwan	Steed
Metcalf	Ray	Sullivan
Miller, Calif.	Rayburn	Taber
Miller, Kans.	Reams	Taylor
Miller, Md.	Reece, Tenn.	Thornberry
Miller, N. Y.	Rees, Kans.	Tollefson
Mollohan	Rhodes, Ariz.	Trimble
Morano	Rhodes, Pa.	Tuck
Morgan	Richards	Utt
Moss	Riehlman	Van Zandt
Multer	Riley	Vorys
Mumma	Roberts	Vursell
Murray	Robeson, Va.	Wainwright
Natcher	Robison, Ky.	Walter
Neal	Rodino	Wampler
Oakman	Rogers, Colo.	Warburton
O'Brien, Ill.	Rogers, Fla.	Watts
O'Brien, N. Y.	Rogers, Mass.	Westland
O'Hara, Ill.	Rooney	Wickersham
O'Neill	Sadlak	Widnall
Osmers	St. George	Wier
Ostertag	Saylor	Wigglesworth
Patman	Schenck	William, N. J.
Phillips	Scott	William, N. Y.
Perkins	Scudder	Wilson, Calif.
Pfost	Seely-Brown	Wilson, Ind.
Philbin	Selden	Wolverton
Pilcher	Shelley	Yates
Pillion	Sheppard	Yorty
Poage	Shuford	Younger
Poff	Small	Zablocki
Polk	Smith, Miss.	
Price	Smith, Va.	

NOT VOTING—69

Andresen,	Gubser	Rains
August H.	Gwinn	Reed, N. Y.
Angell	Halleck	Regan
Barden	Harrison, Wyo.	Rivers
Barrett	Hart	Roosevelt
Belcher	Hill	Scrivner
Bentley	Hillings	Secrest
Bentsen	Hoffman, Ill.	Shafer
Boggs	Jonas, Ill.	Sheehan
Boykin	Kilburn	Sieminski
Buckley	Lantaff	Simpson, Pa.
Busbey	LeCompte	Spence
Canfield	Lucas	Sutton
Chatham	Lyle	Thompson,
Clardy	McCormack	Mich.
Condon	Machrowicz	Thompson, Tex.
Cotton	Mason	Vinson
Curtis, Nebr.	Nelson	Weichel
Dawson, Ill.	Norblad	Wharton
Dies	O'Brien, Mich.	Wheeler
Dorn, S. C.	Patten	Wilson, Tex.
Evins	Patterson	Withrow
Golden	Powell	Wolcott
Graham	Preston	

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Dies for, with Mr. Halleck against.
 Mr. Jonas of Illinois for, with Mr. McCormack against.
 Mr. Curtis of Nebraska for, with Mr. Roosevelt against.
 Mr. Dorn of South Carolina for, with Mr. Canfield against.
 Mr. Harrison of Wyoming for, with Mr. Chatham against.
 Mr. Patten for, with Mr. Simpson of Pennsylvania against.
 Mr. Bentsen for, with Mr. Vinson against.
 Mr. Lyle for, with Mr. Preston against.
 Mr. Hoffman of Illinois for, with Mr. Rains against.
 Mr. Mason for, with Mr. Barrett against.
 Mr. Sheehan for, with Mr. Buckley against.
 Mr. Busbey for, with Mr. Thompson of Texas against.
 Mr. Weichel for, with Mr. Boggs against.
 Mr. Wilson of Texas for, with Mr. Patterson against.

Until further notice:

Mr. Kilburn with Mr. Barden.
 Mr. LeCompte with Mr. Lantaff.
 Mr. Cotton with Mr. Machrowicz.
 Mr. Bentley with Mr. Spence.
 Mr. Clardy with Mr. Rivers.
 Mr. Wharton with Mr. Regan.

Mr. Wolcott with Mr. Powell.
 Mr. August H. Andresen with Mr. O'Brien of Michigan.
 Mr. Angell with Mr. Evins.
 Mr. Hill with Mr. Condon.
 Mr. Scrivner with Mr. Dawson of Illinois.
 Mr. Withrow with Mr. Hart.
 Mr. Shafer with Mr. Wheeler.
 Mr. Graham with Mr. Sutton.
 Mr. Gubser with Mr. Sieminski.
 Mr. Golden with Mr. Secrest.
 Mr. Norblad with Mr. Boykin.

Mr. BETTS changed his vote from "nay" to "yea."

Mr. HILLELSON changed his vote from "nay" to "yea."

Mr. SIKES changed his vote from "nay" to "yea."

Mr. FERNANDEZ changed his vote from "yea" to "nay."

Mr. WOLVERTON changed his vote from "yea" to "nay."

Mr. HARRISON of Nebraska changed his vote from "nay" to "yea."

Mr. FISHER changed his vote from "nay" to "yea."

The result of the vote was announced as above recorded.

The doors were opened.
 The SPEAKER. The question is on the conference report.

The question was taken; and on a division (demanded by Mr. Gross) there were—ayes 202, noes 55.

So the conference report was agreed to, and a motion to reconsider was laid on the table.

COMMITTEE ON UN-AMERICAN ACTIVITIES

Mr. VELDE. Mr. Speaker, I ask unanimous consent that the Committee on Un-American Activities have until midnight tonight to file a report on the bill H. R. 9838.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

Mr. WALTER. Mr. Speaker, I object.

DISTRICT OF COLUMBIA LEGISLATION

The SPEAKER. This is District of Columbia day. The gentleman from Minnesota [Mr. O'HARA] is recognized.

PROVIDING THAT THE METROPOLITAN POLICE FORCE SHALL KEEP ARREST BOOKS WHICH ARE OPEN TO PUBLIC INSPECTION

Mr. O'HARA of Minnesota. Mr. Speaker, by direction of the Committee on the District of Columbia, I call up the bill (S. 3655) to provide that the Metropolitan Police force shall keep arrest books which are open to public inspection, and I ask unanimous consent that the same be considered in the House as in Committee of the Whole.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. McMILLAN. Mr. Speaker, reserving the right to object, will the gentleman from Minnesota explain the bill?

Mr. O'HARA of Minnesota. I explained the bill last week, but I will be glad to explain it again.

The purpose of the legislation is to provide that the Metropolitan Police shall keep arrest books which are open to public inspection.

Mr. McMILLAN. Does the gentleman intend to offer any amendment to the bill?

Mr. O'HARA of Minnesota. No; I have no amendment to offer to the bill.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That section 386 of the Revised Statutes, relating to the District of Columbia, as amended (D. C. Code, sec. 4-134), is amended by striking out the word "and" at the end of paragraph (3); by renumbering paragraph (4) as paragraph (5); and by inserting between paragraphs (4) and (5) the following new paragraph:

"(4) Arrest books, which shall contain the following information:

"(a) Case number, date of arrest, and time of recording arrest in arrest book;

"(b) Name, address, date of birth, color, birthplace, occupation, and marital status of person arrested;

"(c) Offense with which person arrested was charged and place where person was arrested;

"(d) Name and address of complainant;

"(e) Name of arresting officer; and

"(f) Disposition of case; and."

SEC. 2. Section 389 of the Revised Statutes, relating to the District of Columbia, as amended (D. C. Code, sec. 4-135), is amended to read as follows:

"Sec. 389. The records to be kept by paragraphs (1), (2), (3), and (4) of section 386 shall be open to public inspection when not in actual use and this requirement shall be enforceable by mandatory injunction issued by the United States District Court for the District of Columbia on the application of any person."

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AMENDING ALLEY DWELLING ACT

Mr. O'HARA of Minnesota. Mr. Speaker, by direction of the Committee on the District of Columbia I call up the bill (S. 3506) to repeal the act approved September 25, 1914, and to amend the act approved June 12, 1934, both relating to alley dwellings in the District of Columbia, and ask unanimous consent that the bill may be considered in the House as in the Committee of the Whole.

Mr. McMILLAN. Mr. Speaker, reserving the right to object, does the gentleman have any objection to the amendment in the bill?

Mr. O'HARA of Minnesota. Yes; I am going to make a point of order against the amendments.

Mr. McMILLAN. Will the gentleman tell me why there is so much objection to the amendment?

Mr. O'HARA of Minnesota. I will be happy to.

The amendment is not germane to the bill; it has nothing to do with the bill which was passed by the Senate.

I am in sympathy with the gentleman's amendment to the extent that I

voted for it last year, and the bill was vetoed. The amendment involved another filling station.

It is objectionable because of the stand taken by the District Commissioners, the corporation counsel, and the Planning Commission for the District of Columbia dealing with this problem.

They advised me that the entire problem must be dealt with by new regulations and possibly new legislation which will be before us probably the first part of the year; not discriminating by singling out just one instance.

Mr. McMILLAN. I thought the Zoning Act stated that the Congress should and could make regulations to change this act at its will.

Mr. O'HARA of Minnesota. I do not know whether it does; but, of course, the Congress has the right to change any law.

Mr. McMILLAN. Mr. Speaker, I withdraw my reservation of objection.

Mr. MILLER of Nebraska. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. MILLER of Nebraska. If this bill is considered in the House as in the Committee of the Whole, will it permit an opportunity to discuss the bill?

The SPEAKER. Discussion may be had under the 5-minute rule in the committee when the bill is read for amendment.

Mr. MILLER of Nebraska. For what length of time?

The SPEAKER. When the bill is considered in the House as in the Committee of the Whole there is no general debate. Debate is under the 5-minute rule.

Mr. MILLER of Nebraska. I withdraw my objection.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the act entitled "An act to provide, in the interest of public health, comfort, morals, and safety, for the discontinuance of the use as dwellings of buildings situated in the alleys in the District of Columbia," approved September 25, 1914 (38 Stat. 716), as amended (secs. 5-101, 102, D. C. Code, 1951 edition), is hereby repealed.

SEC. 2. Subsections (b), (c), and (d) of section 4 of the act entitled "An act to provide for the discontinuance of the use as dwellings of buildings situated in alleys in the District of Columbia, and for the replating and development of squares containing inhabited alleys, in the interest of public health, comfort, morals, safety, and welfare, and for other purposes," approved June 12, 1934 (48 Stat. 932), as amended (sec. 5-106, D. C. Code, 1951 edition), are hereby repealed.

SEC. 3. This act shall take effect 60 days after approval or July 1, 1955, whichever is earlier.

The Clerk read the committee amendment as follows:

On page 2, line 8, insert a new section as follows:

"SEC. 3. The Board of Commissioners of the District of Columbia are authorized to permit the erection, construction, alteration, conversion, maintenance, and use of such buildings and other improvements on

square 1928, lot numbered 800 (southeast corner of the intersection of Wisconsin and Massachusetts Avenues Northwest), situated in the District of Columbia, as the Commissioners may deem appropriate for the purpose of conducting the business which is being conducted on such land on the date of enactment of this act."

Mr. O'HARA of Minnesota. Mr. Speaker, I make a point of order against the amendment on the ground that it is not germane to the bill as passed by the Senate. That bill related only to the amendment of the Alley Dwelling Act of the District of Columbia of June 12, 1934, so as to remove therefrom provisions which would make it unlawful after June 30, 1955, to use or occupy any alley building or structure as a dwelling in the District of Columbia; also to remove a provision which would prohibit the construction, alteration, or conversion of any building or structure for use as an alley dwelling, and a penalty provision relating to the foregoing.

Further, the bill would repeal the act of September 25, 1914, also relating to alley dwellings.

Mr. Speaker, the District of Columbia Committee on the House amended S. 3506 so as to add thereto a provision which would permit the reconstruction of non-conforming gasoline filling stations located in an area of the District which has been zoned as residential (A). This amendment to the bill is in effect an amendment to the Zoning Act of 1935 and not in any way related to the matter of alley dwellings and is, therefore, not germane to the purposes of the bill. In other words, the bill as passed by the Senate referred to alley dwellings and the amendment offered by the gentleman from South Carolina dealt with an entirely different subject—zoning law and zoning regulations.

The amendment also seeks to amend the title of this bill. It does not pertain to the legislation which was passed by the Senate, the bill passed by the Senate, and it is obvious, Mr. Speaker, that the amendment is not germane.

Mr. McMILLAN. Mr. Speaker, may I be heard?

The SPEAKER. The Chair will hear the gentleman from South Carolina.

Mr. McMILLAN. Mr. Speaker, I contend the amendment is germane to the bill, S. 3506, on the ground the purposes of the amendment and the purposes of the bill, S. 3506, relate to alley improvement. I also contend it is germane on the ground that both the bill S. 3506 and the amendment is for the purpose of granting permission to repair and improve property here in the District of Columbia.

Mr. MILLER of Nebraska. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state the parliamentary inquiry.

Mr. MILLER of Nebraska. Mr. Speaker, this amendment was offered not here today in the House but was offered in the Committee on the District of Columbia at which time we had a full quorum present. The amendment was voted and written into the bill when a full quorum was present in a regularly constituted meeting of the District of Columbia Committee. I am not sure

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

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For actions of August 12, 1954.
83rd-2nd, No. 156

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HIGHLIGHTS: Senate agreed to conference report on mutual security authorization bill. Senate passed bills authorizing GSA motor vehicle pools, etc., Mexican boundary fence, and customs simplification. Senate committee reported bill to authorize Interior loans to privately-owned reclamation projects. Sen. Watkins praised Senate passage of farm program bill. Sen. Humphrey spoke in favor of corn carry over and allowing farmers to elect fellow farmers on ASC committees. House passed bill to give Federal retirement credit for certain State service. Conferees were granted permission to file, by midnight Saturday, farm program conference report.

HOUSE

1. FARM PROGRAM. The conferees were granted permission to file, by midnight Saturday, the conference report on H. R. 9680, the farm program bill (p. 13518).
2. PERSONNEL. Passed without amendment H. R. 1553, to amend the Civil Service Retirement Act so as to provide for inclusion in the computation of accredited service of certain service rendered States in connection with Federal-State extension, experiment station, forest and watershed protection, plant-pest and animal-disease control, and vocational education programs, and the rural-relief program carried out by the State Rural Rehabilitation Corporations (pp. 13505-6).
Passed without amendment H. R. 9586, to amend the Civil Service Retirement Act so as to limit annuities to employees with 1 year of civilian service in the 2-year period immediately preceding separation (p. 13505).
3. RECLAMATION. Discussed and passed over S. 118, to authorize the Washita River Basin project, Okla. (pp. 13505, 13513).
4. EDUCATION. Concurred in Senate amendment to H. R. 1797, to provide for conveyance by the Interior Department of a tract of land to the Okla. A&M College (p. 13510). This bill will now be sent to the President.
5. VIRGIN ISLANDS. Passed over H. R. 10077, to restore the USDA animal-poultry inspection authority, regarding imports into the Virgin Islands, on a modified

basis (p. 13505).

6. TRANSPORTATION. Discussed and passed over S. 906, to establish the finality of contracts between the Government and common carriers of passengers and freight subject to the Interstate Commerce Act (pp. 13502-5).
7. FARM PRICES. Rep. Brooks, La., urged an investigation into the fact that "prices of agricultural commodities are falling without a compensating fall in the prices of these same commodities to the consumer" (p. 13519).
8. STATEHOOD. Mrs. Farrington spoke urging statehood for Hawaii (p. 13518).
9. ADJOURNED until Mon., Aug. 16 (pp. 13518, 13530).

SENATE

10. FOREIGN AID; SURPLUS COMMODITIES. Agreed to the conference report on H. R. 9678, the mutual security authorization bill (pp. 13621-2). This bill will now be sent to the President.
11. FARM LOANS. Concurred in the House amendments to S. 3487, to authorize the Central Bank for Cooperatives and the regional banks for cooperatives to issue consolidated debentures (p. 13587).
12. VEHICLES. Passed as reported H. R. 8753, to authorize GSA to establish and operate motor pools and systems and to provide office furniture and furnishings when agencies are moved to new locations, to direct the GSA to report the unauthorized use of Government motor vehicles, and to authorize CSC to regulate operators of Government motor vehicles (p. 13601).
13. MEXICAN FENCE. Passed without amendment S. 114, authorizing appropriations for construction, operation, and maintenance of the Mexican western land boundary fence project (pp. 13610-1).
14. CUSTOMS SIMPLIFICATION. Passed as reported H. R. 10009, to provide for review of customs tariff schedules, to improve procedures for the tariff classification of unenumerated articles, to repeal or amend obsolete provisions of the customs law, etc. (pp. 13612-4).
15. FARM PROGRAM. Sen. Watkins praised Senate passage of H. R. 9680, the farm program bill, and congratulated Secretary Benson for the "statesmanlike manner" in which he presented to the American public the case for a flexible price-support program (p. 13533).
Sen. Aiken inserted two newspaper editorials commending passage of the farm program bill (pp. 13532-3).
16. RECLAMATION. The Interior and Insular Affairs Committee reported with amendment H. R. 5301, to authorize Interior Department loans to privately owned reclamation projects (S. Rept. 2472) (p. 13531).
The Interior and Insular Affairs Committee reported with amendments H. R. 9981, to provide for construction of distribution systems on authorized Federal reclamation projects by irrigation districts and other public agencies (S. Rept. 2476) (p. 13531).

upon the United States District Court for the Southern District of New York to hear, determine, and render judgment upon a claim of the Bunker Hill Development Corp.

The PRESIDING OFFICER. Is there objection to the request?

Mr. JOHNSTON of South Carolina. Mr. President, 2 bills relating to this matter have already been passed, 1 of which has become an act.

The PRESIDING OFFICER. Is there objection to the consideration of the bill?

There being no objection, the bill (S. 2980) conferring jurisdiction upon the United States District Court for the Southern District of New York to hear, determine, and render judgment upon a claim of the Bunker Hill Development Corp., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the jurisdiction conferred upon the United States District Court for the Southern District of New York by subsection (b) of section 1346, title 28, United States Code, is hereby extended to a civil action, which may be commenced not later than 1 year after the date of the enactment of this act, asserting any claim or claims of Bunker Hill Development Corp., of Newburgh, N. Y., against the United States for alleged damages arising out of the construction of Stewart Field, a United States Air Force base located at Newburgh, N. Y., in such a manner as to allegedly damage its golf course and buildings as a result of weed-laden soil dust and cement dust blowing over its properties in 1942 and 1943, and to destroy a proposed housing development of said corporation, and for alleged damages to the property of said corporation by reason of the alleged failure of the Government to provide and maintain proper drainage from said Stewart Field, which resulted and successively results in the storm-flooding of the property of the corporation. Any such civil action may be joined for trial with any pending action between the Bunker Hill Development Corp. and the United States relative to damages in the construction of Stewart Field. Except as otherwise provided in this act, all provisions of law applicable in and to such subsection, and applicable to judgments therein and appeals therefrom, are made equally applicable in respect of the civil actions authorized by this act. Nothing in this act shall constitute an admission of liability on the part of the United States.

Mr. KNOWLAND. That completes the call of the calendar of bills to which there is no objection.

The PRESIDING OFFICER. What is the pleasure of the Senate?

MUTUAL SECURITY ACT OF 1954— CONFERENCE REPORT

Mr. KNOWLAND. Mr. President, there is at the desk a privileged matter. I ask unanimous consent that the unfinished business be temporarily laid aside and that the Senate proceed to the consideration of the conference report on the mutual security bill.

Mr. JOHNSON of Texas. Mr. President, will the Senator yield?

Mr. KNOWLAND. I yield.

Mr. JOHNSON of Texas. Does the Senator plan to take up the mutual security bill conference report tonight?

Mr. KNOWLAND. Yes.

Mr. JOHNSON of Texas. How late does the Senator plan to have the Senate remain in session?

Mr. KNOWLAND. I had understood there would be no necessity to have a ye and nay vote on the mutual security bill conference report. I know of no objection to the conference report; I believe it was unanimously agreed to. This is not the appropriation bill; it is the authorization bill.

Mr. JOHNSON of Texas. I understand.

Mr. KNOWLAND. When action on the conference report has been completed, it will be my intention to move that the Senate recess until tomorrow morning.

Mr. JOHNSON of Texas. If action is completed on it by 10 o'clock?

Mr. KNOWLAND. By 10 o'clock tomorrow morning?

Mr. JOHNSON of Texas. No; by 10 o'clock tonight.

Mr. KNOWLAND. I believe there is a reasonable chance of doing so. The distinguished Senator from Nevada has a matter to take up, which he informs me will not take long.

Mr. JOHNSON of Texas. I have no objection to the consideration of the conference report on the Mutual Security bill. I had expected that it would follow the call of the calendar, as the Senator from California told me it would. But if it involves any prolonged discussion or a ye-and-nay vote, I desire to have it understood that there will not be a ye-and-nay vote tonight.

Mr. KNOWLAND. I do not expect that there will be a ye-and-nay vote. I doubt if it will be necessary to have one.

Mr. WILEY. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 9676) to promote the security and foreign policy of the United States by furnishing assistance to friendly nations, and for other purposes. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report.

(For conference report, see House proceedings of August 5, 1954, pp. 12840-12850, CONGRESSIONAL RECORD.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. MANSFIELD. Mr. President, I desire to ask the Senator from Wisconsin a few questions.

Mr. WILEY. I shall be glad to answer them, if I can.

Mr. MANSFIELD. Under the terms of the conference report, it is understood, is it not, that the Foreign Operations Administration as an independent agency will go out of existence by next June 30?

Mr. WILEY. That is correct.

Mr. MANSFIELD. The technical assistance program, point 4, will be handled by the State Department. Is that correct?

Mr. WILEY. That is correct.

Mr. MANSFIELD. Military aid will be continued through the Department of Defense, without a termination date; is that correct?

Mr. WILEY. That is correct.

Mr. MANSFIELD. Title 2, the economic development and assistance program, will go out of existence next June 30, with a 1-year liquidation period. Is that correct?

Mr. WILEY. That is correct.

Mr. MANSFIELD. In other words, the Foreign Operations Administration will be terminated completely and finally on June 30, 1955. Is that correct?

Mr. WILEY. The bill so provides.

Mr. MANSFIELD. I thank the distinguished chairman.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

Mr. WILEY. Mr. President, I ask unanimous consent to have printed at this point in the RECORD a statement which I have prepared on the mutual security bill conference report.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR WILEY ON THE MUTUAL SECURITY BILL CONFERENCE REPORT

I submit for the approval of the Senate the report of the Senate conferees on the Mutual Security Act of 1954. I believe that the conferees did a commendable job in taking care of the interests of the Senate. The report was unanimously approved and was signed by all five Senate conferees—Senator SMITH of New Jersey, Senator HICKENLOOPER, Senator GEORGE, Senator GREEN, and myself, as chairman. For the most part, the changes which the Senate insisted on retaining in the House bill were accepted by the House conferees.

I shall say just a word about the amount authorized in the pending bill. The committee of conference agreed upon a total authorization of \$3,252,886,000. This represents a reduction of \$314,040,000 from the House figure and an increase of \$314,040,000 over the Senate bill.

I do not propose to detain the Senate with a detailed account of the decisions taken by the conference. The House accepted the provisions of the Senate bill with respect to the following matters:

1. The development of weapons of advanced design.
2. Opposition to the seating of Red China in the United Nations.
3. The 50-50 shipping clause.
4. Elimination of the program relating to strategic materials.
5. The provisions relating to the use of counterpart currency.

There are 3 or 4 matters that I wish to discuss very briefly. These are the provisions of the bill relating to loans, agricultural surplus, transferability, and finally, the termination of the program.

1. Agricultural surplus: The House bill earmarked \$500 million of the funds available for the purchase and export of surplus agricultural commodities. The Senate bill set aside \$350 million for this purpose. The conferees agreed upon the \$350 million figure and, with some changes, the language contained in the Senate bill.

2. Loans: A similar compromise was achieved with respect to loans. The House bill provided, in general, that not less than 10 percent of the amounts available should be used in the form of loans. The Senate on the other hand, provided that not less than \$150 million of the total amount available should be used to make loans. The conferees agreed upon \$200 million, which is the figure contained in the bill before the Senate. It is our hope that the administration will be able to make effective use of these funds on a loan basis.

3. Transferability of funds: There was also a substantial difference in the House and Senate versions relating to the transferability of funds from one section of the bill to another. While I personally prefer the Senate provision because it provides a broader transfer authority, the conferees finally adopted a compromise which is considerably less liberal than the Senate had approved but still much less restrictive than the language in the House bill. It is my hope that even with this reduced transferability, there will be enough flexibility in the bill to enable the President to meet any unforeseen emergency.

4. Termination of the program: The conferees also adopted substantially the Senate language with respect to the termination of the Foreign Operations Administration. The bill as now drafted makes it clear that the FOA shall come to an end on June 30, 1955 and provides for its remaining functions to be transferred to the appropriate departments of the Government at that time.

I commend to the Senate the work of the conferees. The bill which we present is another important step in our collective efforts to build the defensive strength of the free world. I hope the Senate will give the conference report its overwhelming approval.

AMENDMENT OF SECTION 32 OF TRADING WITH THE ENEMY ACT

The PRESIDING OFFICER (Mr. PAYNE in the chair) laid before the Senate the amendment of the House of Representatives to the bill (S. 2420) to amend section 32 of the Trading With the Enemy Act, as amended, which was to strike out all after the enacting clause and insert:

That section 32 of the Trading With the Enemy Act of October 6, 1917 (40 Stat. 411), as amended, is hereby further amended by adding at the end thereof the following subsection:

"(h) The President may designate one or more organizations as successors in interest to deceased persons who, if alive, would be eligible to receive returns under the provisions of subdivision (C) or (D) of subsection (a) (2) thereof. An organization so designated shall be deemed a successor in interest by operation of law for the purpose of subsection (a) (1) hereof. Return may be made, to an organization so designated, (a) before the expiration of 2 years from the vesting of the property or interest in question, if the President or such officer or agency as he may designate determines from all relevant facts of which he is then advised that there is no basis for reasonable doubt that the former owner is dead and is survived by no person eligible under section 32 to claim as successor in interest by inheritance, devise, or bequest; and (b) after the expiration of such time, if no claim for the return of the property or interest is pending. Total returns pursuant to this subsection shall not exceed \$3 million.

"No return may be made to an organization so designated unless it files notice of claim before the expiration of 1 year from the effective date of this act and unless it gives firm and responsible assurance approved by the President that (1) the property or interest

returned to it or the proceeds of any such property or interest will be used on the basis of need in the rehabilitation and settlement of persons in the United States who suffered substantial deprivation of liberty or failed to enjoy the full rights of citizenship within the meaning of subdivisions (C) and (D) of subsection (a) (2) hereof; (ii) it will transfer, at any time within 2 years from the time that return is made, such property or interest or the equivalent value thereof to any person whom the President or such officer or agency shall determine to be eligible under section 32 to claim as owner or successor in interest to such owner, by inheritance, devise, or bequest; (iii) it will make to the President, with a copy to be furnished to the Congress, such reports (including a detailed annual report on the use of the property or interest returned to it or the proceeds of any such property or interest) and permit such examination of its books as the President or such officer or agency may from time to time require; and (iv) will not use such property or interest or the proceeds of such property or interest for legal fees, salaries or any other administrative expenses connected with the filing of claims for or the recovery of such property or interest.

"The filing of notice of claim by an organization so designated shall not bar the payment of debt claims under section 34 of this act.

"As used in this subsection, 'organization' means only a nonprofit charitable corporation incorporated on or before January 1, 1950, under the laws of any State of the United States or of the District of Columbia with the power to sue and be sued."

SEC. 2. The first sentence of section 33 of the Trading With the Enemy Act of October 6, 1917 (40 Stat. 411), as amended, is hereby amended by striking out the period at the end of such sentence, and inserting in lieu thereof a semicolon and the following: "except that return may be made to successor organizations designated pursuant to section 32 (h) hereof if notice of claim is filed before the expiration of 1 year from the effective date of this act."

Mr. McCARRAN. Mr. President, this is the bill dealing with "heirless property." It provides that certain property seized by the United States on the theory that it was owned by enemy nationals but which has been found, in fact, to have been owned by persecuted persons, who have now died without heirs, may be turned over to nonprofit organizations designated by the President for the use of persons in the same class as the original owners.

As Senators know, by far the largest class of persecutees whose property would be affected by this bill were Jews. I am informed that the interested Jewish organizations have been consulted in connection with the House amendments to this bill, which are substantially technical, and that the House amendments are acceptable to these organizations, and that Senate concurrence is desired.

I ask unanimous consent that there may be printed at this point in the RECORD a letter which I have received from Mr. Seymour J. Rubin, reciting the facts as I have stated them.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

LANDIS, COHEN, RUBIN & SCHWARTZ,
Washington, D. C., August 9, 1954.
The Honorable PAT McCARRAN,
United States Senate,
Washington, D. C.

DEAR SENATOR McCARRAN: The undersigned understands that S. 2420, the heirless property amendment to the Trading With the

Enemy Act, with certain amendments, was passed today by the House of Representatives.

The interested Jewish organizations were consulted in connection with the amendments in question. The amendments are therefore acceptable to those organizations, and, in the interests of ensuring enactment in the present session of Congress, they would be in favor of Senate concurrence in those amendments.

It goes without saying that we are most appreciative of your great contribution to passage of this bill.

For the American Jewish Committee, I am,
Most sincerely yours,
SEYMOUR J. RUBIN.

Mr. McCARRAN. Mr. President, I move that the Senate concur in the House amendment to the bill (S. 2420).

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Nevada.

The motion was agreed to.

LABELING OF PACKAGES CONTAINING FOREIGN-PRODUCED TROUT

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the bill (S. 2033) relating to the labeling of packages containing foreign-produced trout sold in the United States, and requiring certain information to appear on the menus of public eating places serving such trout, which were, on page 1, line 6, strike out "(n)" and insert "(o)"; on page 1, lines 8 and 9, strike out "of this title"; on page 2, lines 10 and 11, after "(2)" strike out "each part of the contents of the package is contained in a wrapper" and insert "if the package is broken while held for sale, each unit for sale (consisting of one or more trout) is in a package"; on page 2, line 12, strike out "and wrapper"; on page 2, strike out line 17 over to and including line 2, page 3, and insert:

(b) No person shall possess in a form ready for serving or shall serve at a public eating place trout produced outside the United States, its Territories or possessions, unless a notice is displayed prominently and conspicuously in such eating place stating that "_____ trout is served in this restaurant," the blank space to be filled with the name of the country in which such trout was produced.

On page 3, after line 13, insert:

SEC. 4. This act shall take effect 6 months after the date of its enactment.

And to amend the title so as to read: "An act relating to the labeling of packages containing foreign-produced trout sold in the United States, and requiring certain information to appear in public eating places serving such trout."

Mr. FERGUSON. Mr. President, today the senior Senator from Ohio [Mr. BRICKER] asked for the consideration of the House amendments to Senate bill 2033. The minority leader desired to have time to consider the matter. I now desire to have the House amendments considered.

The House has amended the bill. However, since introduction of the bill, Public Law 518 of the 83d Congress, 2d session, has been passed, and that law has added a section 408 to the Federal Food, Drug, and Cosmetic Act, as amended (21 U. S. C. 341 et seq.). Accordingly, I move that the Senate concur

Public Law 665 - 83d Congress

Chapter 937 - 2d Session

H. R. 9678

AN ACT

To promote the security and foreign policy of the United States by furnishing assistance to friendly nations, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Mutual Security Act of 1954".

Mutual Security
Act of 1954.

68 Stat. 832.

68 Stat. 833.

TITLE I—MUTUAL DEFENSE ASSISTANCE

CHAPTER 1. MILITARY ASSISTANCE

SEC. 101. PURPOSE OF CHAPTER.—The Congress of the United States reaffirms the policy of the United States to achieve international peace and security through the United Nations so that armed force shall not be used except in the common defense. The Congress hereby finds that the efforts of the United States and other nations to promote peace and security require additional measures of support based upon the principle of continuous and effective self-help and mutual aid. It is the purpose of this chapter to authorize measures in the common defense, including the furnishing of military assistance to friendly nations and international organizations in order to promote the foreign policy, security, and general welfare of the United States and to facilitate the effective participation of such nations in arrangements for individual and collective self-defense. In furnishing such military assistance, it remains the policy of the United States to continue to exert maximum efforts to achieve universal control of weapons of mass destruction and universal regulation and reduction of armaments, including armed forces, under adequate safeguards to protect complying nations against violation and evasion.

The Congress reaffirms its previous expressions favoring the creation by the free peoples of the Far East and the Pacific of a joint organization, consistent with the Charter of the United Nations, to establish a program of self-help and mutual cooperation designed to develop their economic and social well-being, to safeguard basic rights and liberties and to protect their security and independence.

The Congress hereby reiterates its opposition to the seating in the United Nations of the Communist China regime as the representative of China. In the event of the seating of representatives of the Chinese Communist regime in the Security Council or General Assembly of the United Nations, the President is requested to inform the Congress insofar as is compatible with the requirements of national security, of the implications of this action upon the foreign policy of the United States and our foreign relationships, including that created by membership in the United Nations, together with any recommendations which he may have with respect to the matter.

Communist China.
Opposition to
UN seating.

SEC. 102. GENERAL AUTHORITY.—Military assistance may be furnished under this chapter on a grant or loan basis and upon such other appropriate terms as may be agreed upon, by the procurement from any source and the transfer to eligible nations and international organizations of equipment, materials, and services or by the provision of any service, including the assignment or detail of members of the Armed Forces and other personnel of the Department of Defense solely to assist in an advisory capacity or to perform other duties of a noncombatant nature, including military training or advice.

SEC. 103. AUTHORIZATIONS.—(a) There is hereby authorized to be appropriated to the President, in addition to appropriations authorized by section 104, not to exceed \$1,270,000,000, to carry out the purpose of this chapter; and, in addition, unexpended balances of appro-

priations for military assistance under each paragraph of the Mutual Security Appropriation Act, 1954 (including the appropriation for mutual special weapons planning), are hereby authorized to be continued available for the purpose of this chapter and to be consolidated with the appropriation authorized by this subsection; all of which is hereby authorized to be continued available through June 30, 1955.

68 Stat. 833.

68 Stat. 834.

(b) Funds made available pursuant to subsection (a) of this section shall be available for the administrative and operating expenses of carrying out the purpose of this chapter including expenses incident to United States participation in international security organizations.

(c) Funds made available pursuant to subsection (a) of this section may be used for the procurement of equipment or materials outside the United States unless the President determines that such procurement will result in one or more of the following conditions:

(1) Adverse effects upon the economy of the United States, with special reference to any areas of labor surplus, or upon the industrial mobilization base, which outweigh the strategic and logistic advantages to the United States of procurement abroad;

(2) Production of such equipment or materials outside the United States under inadequate safeguards against sabotage or the release to potential enemies of information detrimental to the security of the United States;

(3) Unjustifiable cost in comparison with procurement in the United States, taking into account transportation costs for delivery overseas; and

(4) Delays in delivery incompatible with United States defense objectives.

SEC. 104. INFRASTRUCTURE.—(a) The President is authorized to make contributions to infrastructure programs of the North Atlantic Treaty Organization, in accordance with agreements already made between the member nations, out of funds made available pursuant to this section, or section 103, or chapter IX of the Supplemental Appropriation Act, 1953, of amounts totaling not more than \$780,000,000, less amounts already contributed for such purpose. There is hereby authorized to be appropriated to the President for such purpose, in installments prior to June 30, 1958, not to exceed \$321,000,000, to remain available until expended. Such contributions by the United States shall not exceed its proportionate share, as heretofore agreed upon, of the expenses of such programs.

66 Stat. 646.

(b) When the President determines that it is in the interest of the security of the United States to participate in programs for the acquisition or construction of facilities in foreign nations for collective defense other than programs of the North Atlantic Treaty Organization, he may use for such purpose funds made available under section 103 or local currencies made available under section 402 in amounts totaling not more than \$50,000,000.

(c) Notwithstanding section 501 of this Act, no funds other than those referred to in subsections (a) and (b) of this section may be expended for the purposes of this section. No funds shall be expended under this section for rental or purchase of land or for payment of taxes.

SEC. 105. CONDITIONS APPLICABLE TO MILITARY ASSISTANCE.—(a) Military assistance may be furnished under this chapter to any nation whose increased ability to defend itself the President shall have determined to be important to the security of the United States and which is otherwise eligible to receive such assistance. Equipment and materials furnished under this chapter shall be made available solely to maintain the internal security and legitimate self-defense of the recipient nation, or to permit it to participate in the defense of its area

or in collective security arrangements and measures consistent with the Charter of the United Nations. The President shall be satisfied that such equipment and materials will not be used to undertake any act of aggression against any nation.

68 Stat. 834.

(b) In addition to the authority and limitations contained in the preceding subsection, the following provisions shall apply to particular areas:

68 Stat. 835.

(1) In order to promote an integrated defense of the North Atlantic area and to support concrete measures for political federation, military integration, and economic unification in Europe, equipment and materials of the value programed for fiscal years 1954 and 1955 for nations signing the treaty constituting the European Defense Community shall, pending the coming into force of the treaty, be delivered only to such of these nations as have ratified the treaty, and have joined together in or are developing collective defense programs in a manner satisfactory to the United States as determined by the President.

(2) Military assistance furnished to any nation in the Near East, Africa, and South Asia to permit it to participate in the defense of its area shall be furnished only in accordance with plans and arrangements which shall have been found by the President to require the recipient nation to take an important part therein.

(3) In furnishing military assistance in the Far East and the Pacific and in carrying out the provisions of section 121 of this Act, the President shall give the fullest assistance, as far as possible directly, to the free peoples in that area, including the Associated States of Cambodia, Laos, and Vietnam, in their creation of a joint organization, consistent with the Charter of the United Nations, to establish a program of self-help and mutual cooperation designed to develop their economic and social well-being, to safeguard basic rights and liberties, and to protect their security and independence.

(4) Military assistance may be furnished to the other American Republics only in accordance with defense plans which shall have been found by the President to require the recipient nation to participate in missions important to the defense of the Western Hemisphere.

(c) The Secretary of Defense shall insure that the value (as determined pursuant to section 545) of equipment, materials, and services heretofore furnished under military assistance programs authorized by Acts repealed by this Act or hereafter furnished pursuant to section 103 (a) to nations or organizations in each of the four areas named in this subsection shall not exceed the total of the funds heretofore made available for military assistance in that area pursuant to Acts repealed by this Act plus the amount herein specified for that area:

(1) In the European area (excluding Greece and Turkey), \$617,500,000.

(2) In the Near East (including Greece and Turkey), Africa, and South Asia, \$181,200,000.

(3) In the Far East and the Pacific, \$583,600,000.

(4) In the Western Hemisphere, \$13,000,000.

(d) Whenever the President determines it to be necessary for the purpose of this title, equipment, materials, and services of a value not to exceed 15 per centum of the sum of (1) that portion of the unexpended balances referred to in section 103 (a) which was available on June 30, 1954, to furnish assistance in any of the areas named in subsection (c) of this section, and (2) the amount specified in the applicable paragraph of subsection (c) of this section for additional assistance in such area, may be furnished in any other such area or areas, notwithstanding the limitations set forth in subsection (c) of this section. Funds heretofore obligated or programed or hereafter

68 Stat. 835.
68 Stat. 836.

65 Stat. 382;
63 Stat. 720.
22 USC 1664;
1579 note.

made available solely for the purpose of section 104 (pertaining to infrastructure) shall not be included in the total fixed for each such area. Funds heretofore appropriated for military assistance in a particular geographic area but transferred from such use under section 513 of the Mutual Security Act of 1951, as amended, or under section 408 (c) of the Mutual Defense Assistance Act, shall be included in the total for the area for the benefit of which such transfer was made, and not in the total for the area from which the transfer was made.

SEC. 106. SALE OF MILITARY EQUIPMENT, MATERIALS, AND SERVICES.—

(a) The President may, in order to carry out the purpose of this chapter, sell or enter into contracts (without requirement for charge to any appropriation or contract authorization) for the procurement for sale of equipment, materials, or services to any nation or international organization: *Provided*, That prior to the transfer of any such equipment, materials, or services to any nation which has not signed an agreement under section 142 of this Act or joined with the United States in a regional collective defense arrangement, the President shall have received commitments satisfactory to him that such equipment, materials, or services are required for and will be used by such nation solely to maintain its internal security, its legitimate self-defense, or to permit it to participate in the defense of the area of which it is a part, or in collective security arrangements and measures consistent with the Charter of the United Nations, and that it will not undertake any act of aggression against any other state.

(b) Whenever equipment or materials are sold from the stocks of or services are rendered by any United States Government agency to any nation or international organization as provided in subsection (a), such nation or international organization shall first make available the fair value, as determined by the President, of such equipment, materials, or services before delivery or, when the President determines it to be in the best interests of the United States, within sixty days thereafter or, as determined by the President, within a reasonable period not to exceed three years. The fair value for the purpose of this subsection shall not be less than the value as defined in subsection (h) of section 545: *Provided*, That with respect to excess equipment or materials the fair value may not be determined to be less than (i) the minimum value specified in that subsection plus the scrap value, or (ii) the market value, if ascertainable, whichever is the greater. Before a contract for new production is entered into, or rehabilitation work is undertaken, such nation or international organization shall (A) provide the United States with a dependable undertaking to pay the full amount of such contract or the cost of such rehabilitation which will assure the United States against any loss on the contract or rehabilitation work, and (B) shall make funds available in such amounts and at such times as may be necessary to meet the payments required by the contract or the rehabilitation work in advance of the time such payments are due, in addition to the estimated amount of any damages and costs that may accrue from the cancellation of such contract or rehabilitation work.

(c) Sections 105, 141, and 142 shall not apply with respect to assistance furnished under this section.

54 Stat. 681.
10 USC 1262a;
34 USC 546e.
22 USC 441
note.

SEC. 107. WAIVERS OF LAW.—(a) The President may perform any of the functions authorized under this chapter without regard to (1) the provisions of title 10, United States Code, section 1262 (a), and title 34, United States Code, section 546 (e); and (2) such provisions as he may specify of the joint resolution of November 4, 1939 (54 Stat. 4), as amended.

(b) Notwithstanding the provisions of Revised Statutes 1222 (10 U. S. C. 576), personnel of the Department of Defense may be assigned

or detailed to any civil office for the purpose of enabling the President to furnish assistance under this Act.

68 Stat. 836.

SEC. 108. TRANSFER OF MILITARY EQUIPMENT TO JAPAN.—In addition to any program of military assistance for which funds may be appropriated pursuant to this Act, the President is hereby authorized to transfer to the Government of Japan, until June 30, 1955, upon such terms and conditions as he may specify, and upon its request, United States military equipment and supplies programed for Japan to meet its internal security requirements for which Department of Defense appropriations were obligated prior to July 1, 1953. No appropriation shall be requested to replace the military equipment and supplies so transferred, and no funds heretofore or hereafter appropriated for the purpose of this chapter shall be available for reimbursement to any United States Government agency on account of any transfer made pursuant to this section.

68 Stat. 837.

CHAPTER 2—SOUTHEAST ASIA AND THE WESTERN PACIFIC, AND DIRECT FORCES SUPPORT

SEC. 121. SOUTHEAST ASIA AND THE WESTERN PACIFIC.—There is hereby authorized to be appropriated to the President for the fiscal year 1955, to be made available on such terms and conditions, including transfer of funds, as he may specify, not to exceed \$700,000,000 for expenses necessary for the support of the forces of nations in the area of Southeast Asia, including the furnishing, as far as possible, of direct assistance to the Associated States of Cambodia, Laos, and Vietnam as well as to the forces of other free nations in the area including those of France located in such Associated States and for other expenditures to accomplish in Southeast Asia and the Western Pacific the policies and purposes declared in this Act. In addition, the unexpended balances of funds allocated from appropriations made pursuant to sections 304 and 540 of the Mutual Security Act of 1951, as amended, for the purpose of support of the forces of the Associated States of Cambodia, Laos, and Vietnam and the forces of France located in the Associated States, are hereby authorized to be continued available for the purpose of this section through June 30, 1955, and to be consolidated with the appropriation authorized by this section. Assistance under this section shall be made available subject to the provisions of sections 141 and 142, except that (1) in the case of assistance to the Associated States of Cambodia, Laos, and Vietnam, and (2) in the case of assistance (not to exceed in the aggregate 10 per centum of the amount appropriated pursuant to this section, excluding unexpended balances of prior appropriations) to other nations, the President may waive specific provisions of section 142 to the extent he may deem necessary in the national interest to carry out the purposes of this Act. The President or such officer as he may designate shall report each instance of such waiver to the Foreign Relations, Appropriations, and Armed Services Committees of the Senate and the Foreign Affairs, Appropriations, and Armed Services Committees of the House of Representatives within thirty days.

67 Stat. 153,
152.
22 USC 1704,
16751.

Report to Congressional Committees.

It is the sense of the Congress that no part of the funds appropriated under this section shall be used on behalf of governments which are committed by treaty to maintain Communist rule over any defined territory of Asia.

SEC. 122. PRODUCTION FOR FORCES SUPPORT.—There is hereby authorized to be appropriated to the President for the fiscal year 1955, to be made available on such terms and conditions, including transfer of funds, as he may specify, not to exceed \$35,000,000 for manufacture in the United Kingdom of military aircraft required by United King-

All 68 Stat. 838.

67 Stat. 153.
22 USC 1682.

dom forces for the defense of the North Atlantic area. In addition, unexpended balances of appropriations made pursuant to section 102 of the Mutual Security Act of 1951, as amended, are hereby authorized to be continued available for their original purposes through June 30, 1955, and the unexpended balance of the appropriation made pursuant to the second clause of that section is authorized to be consolidated with the appropriation authorized by this section.

SEC. 123. COMMON USE ITEMS.—There is hereby authorized to be appropriated to the President for the fiscal year 1955 not to exceed \$60,000,000 for the provision of any common-use equipment, materials, commodities, or services which are to be used by military forces of nations receiving assistance under chapter 1 of this title. Programs authorized by this section shall be administered in accordance with the provisions of chapter 1 or chapter 3 of this title.

CHAPTER 3—DEFENSE SUPPORT

SEC. 131. GENERAL AUTHORITY.—(a) The President is hereby authorized to furnish, to nations and organizations eligible to receive military assistance under chapter 1 of this title, or to nations which have joined with the United States in a regional collective defense arrangement, commodities, services, and financial and other assistance designed to sustain and increase military effort. In furnishing such assistance, the President may provide for the procurement and transfer from any source of any commodity or service (including processing, storing, transporting, marine insurance, and repairing) or any technical information and assistance.

(b) There is hereby authorized to be appropriated to the President for the fiscal year 1955 to carry out the provisions of this section, not to exceed—

- (1) \$46,000,000 for Europe (excluding Greece and Turkey);
- (2) \$73,000,000 for the Near East (including Greece and Turkey), Africa, and South Asia; and
- (3) \$80,098,195 for the Far East and the Pacific.

67 Stat. 152.
22 USC 1675j.

In addition, unexpended balances of appropriations heretofore made pursuant to section 541 of the Mutual Security Act of 1951, as amended, are hereby authorized to be continued available for the purpose of this subsection through June 30, 1955, and to be consolidated with the appropriation authorized for the same area by this subsection: *Provided*, That portions of such unexpended balances which have been allocated to assistance for Greece and Turkey shall be consolidated with the appropriation authorized by paragraph (2) of this subsection.

67 Stat. 425.

67 Stat. 341.

SEC. 132. KOREAN PROGRAM.—(a) There is hereby authorized to be appropriated to the President for the fiscal year 1955 not to exceed \$205,000,000 to be expended, upon terms and conditions specified by the President, for defense support, relief and rehabilitation, and other necessary assistance (including payment of ocean freight charges on shipments for relief and rehabilitation, without regard to section 409 of this Act) in those parts of Korea which the President shall have determined to be not under Communist control. In addition, unexpended balances of funds heretofore allocated for the purpose of relief and rehabilitation in Korea pursuant to the paragraph entitled "Relief and Rehabilitation in Korea", chapter VII, Supplemental Appropriation Act, 1954, and unobligated balances of the appropriation for "Civilian Relief in Korea", title III, Department of Defense Appropriation Act, 1954, are hereby authorized to be continued available for the purposes of this subsection through June 30, 1955, and to be consolidated with the appropriation authorized by this subsection.

(b) (1) Notwithstanding the provisions of any other law, the President is authorized, at any time prior to twenty-four months from the date of enactment of this Act, to transfer to the Republic of Korea, by sale or charter and on such terms and conditions as he may specify, not more than eight C1-M-AV1 vessels. Any agency of the United States Government owning or operating such vessels is authorized to make such vessels available for the purpose of this subsection: *Provided*, That if after investigation it is determined by the President that there are privately owned C1-M-AV1 vessels offered and available for sale by American citizens as defined in section 2 of the Shipping Act, 1916, as amended, at prices equal to or less than those provided for in subsection (b) (2) below, such vessels shall be acquired by an owning or operating agency designated by the President for the purpose of this subsection. Funds made available pursuant to subsection (a) of this section shall be available for the purpose of this subsection. 39 Stat. 729.
46 USC 802.

(2) Such transfers shall be made at prices determined under section 3 of the Merchant Ship Sales Act of 1946 (50 U. S. C., App. 1736): *Provided*, That such vessels shall be placed in class in accordance with minimum requirements of the American Bureau of Shipping by the owning or operating agency, and the expense of placing in class shall be reimbursed to such agency. 60 Stat. 41.

(c) There is hereby authorized to be appropriated for the fiscal year 1955 not to exceed \$3,452,615 for making contributions to the United Nations Korean Reconstruction Agency or expenditure through such other agency for relief and rehabilitation in Korea as the President may direct. In addition, the unexpended balance of the appropriation made pursuant to the last sentence of section 303 (a) of the Mutual Security Act of 1951, as amended, is hereby authorized to be continued available for the purpose of this subsection through June 30, 1955, and to be consolidated with the appropriation authorized by this subsection. Sections 141 and 142 of this Act shall not apply with respect to assistance furnished under this subsection. 65 Stat. 376.
22 USC 1703.

(d) To the extent necessary to accomplish the purposes of this section (1) assistance may be furnished under this section without regard to the other provisions of this title and (2) the authority provided in section 307 may be exercised in furnishing assistance under subsection (a) of this section.

CHAPTER 4—GENERAL PROVISIONS RELATING TO MUTUAL DEFENSE ASSISTANCE

SEC. 141. CONDITIONS OF ELIGIBILITY FOR ASSISTANCE.—No assistance shall be furnished under this title to any nation or organization unless the President shall have found that furnishing such assistance will strengthen the security of the United States and promote world peace. No such assistance shall be furnished to a nation unless it shall have agreed to the provisions required by section 142, and such additional provisions as the President deems necessary to effectuate the policies and provisions of this title and to safeguard the interests of the United States.

SEC. 142. AGREEMENTS.—No assistance shall be furnished to any nation under this title unless such nation shall have agreed to—

(1) join in promoting international understanding and good will, and maintaining world peace;

(2) take such action as may be mutually agreed upon to eliminate causes of international tension;

(3) fulfill the military obligations, if any, which it has assumed under multilateral or bilateral agreements or treaties to which the United States is a party;

(4) make, consistent with its political and economic stability, the full contribution permitted by its manpower, resources, facilities, and general economic condition to the development and maintenance of its own defensive strength and the defensive strength of the free world;

(5) take all reasonable measures which may be needed to develop its defense capacities;

(6) take appropriate steps to insure the effective utilization of the assistance furnished under this title in furtherance of the policies and purposes of this title;

(7) impose appropriate restrictions against transfer of title to or possession of any equipment and materials, information, or services furnished under chapter 1 of this title, without the consent of the President;

(8) maintain the security of any article, service, or information furnished under chapter 1 of this title;

(9) furnish equipment and materials, services, or other assistance consistent with the Charter of the United Nations, to the United States or to and among other nations to further the policies and purpose of chapter 1 of this title;

(10) permit continuous observation and review by United States representatives of programs of assistance authorized under this title, including the utilization of any such assistance, or provide the United States with full and complete information with respect to these matters, as the President may require; and

Special Account.

(11) in cases where any commodity is furnished on a grant basis under any provision of this Act other than chapter 1 of title I under arrangements which will result in the accrual of proceeds to the recipient nation from the import or sale thereof, establish a Special Account, and—

(i) deposit in the Special Account, under such terms and conditions as may be agreed upon, currency of the recipient nation in amounts equal to such proceeds;

(ii) make available to the United States such portion of the Special Account as may be determined by the President to be necessary for the requirements of the United States: *Provided*, That such portion shall not be less than 10 per centum in the case of any country to which such minimum requirement has been applicable under any Act repealed by this Act; and

(iii) utilize the remainder of the Special Account for programs agreed to by the United States to carry out the purposes for which new funds authorized by this Act would themselves be available.

Any unencumbered balances of funds which remain in the Account upon termination of assistance to such nation under this Act shall be disposed of for such purposes as may, subject to approval by Act or joint resolution of the Congress, be agreed to between such country and the Government of the United States.

TITLE II—DEVELOPMENT ASSISTANCE

SEC. 201. AUTHORIZATION.—(a) There is hereby authorized to be appropriated to the President for the fiscal year 1955, not to exceed—

(1) \$115,000,000 for assistance designed to promote the economic development of the Near East and Africa, and for other types of assistance designed to help maintain economic and political stability in the area;

(2) \$75,000,000 for assistance designed to promote the economic development of South Asia and to assist in maintaining economic and political stability in the area; and

(3) \$9,000,000 for assistance designed to promote economic development in the other American Republics and non-self-governing territories of the Western Hemisphere.

Such assistance may be furnished on such terms and conditions as the President may specify, except that 30 per centum of the funds appropriated pursuant to this subsection shall be available only for furnishing assistance on terms of repayment in accordance with section 505.

(b) In addition, unexpended balances of appropriations heretofore made pursuant to sections 206 and 302 (b) of the Mutual Security Act of 1951, as amended, and unexpended balances of funds allocated to the emergency economic aid program for Bolivia are hereby authorized to be continued available for the purposes of this section through June 30, 1955, and to be consolidated with the appropriations authorized by paragraphs (1), (2), and (3) of subsection (a) of this section, respectively. 66 Stat. 142; 65 Stat. 376. 22 USC 1696, 1547.

SEC. 202. ADMINISTRATION.—Except as necessary to accomplish the purposes of section 201, programs of assistance authorized by that section shall be administered in accordance with sections 303 and 308 (relating to technical cooperation).

TITLE III—TECHNICAL COOPERATION

SEC. 301. DECLARATION OF PURPOSE.—It is the policy of the United States and the purpose of this title to aid the efforts of the peoples of economically underdeveloped areas to develop their resources and improve their working and living conditions by encouraging the exchange of technical knowledge and skills and the flow of investment capital to countries which provide conditions under which such technical assistance and capital can effectively and constructively contribute to raising standards of living, creating new sources of wealth, increasing productivity and expanding purchasing power.

SEC. 302. GENERAL AUTHORITY AND DEFINITION.—The President is authorized to furnish assistance in accordance with the provisions of this title through bilateral technical cooperation programs. As used in this title, the term “technical cooperation programs” means programs for the international interchange of technical knowledge and skills designed to contribute primarily to the balanced and integrated development of the economic resources and productive capacities of economically underdeveloped areas. Such activities shall be limited to economic, engineering, medical, educational, labor, agricultural, forestry, fishery, mineral, and fiscal surveys, demonstration, training, and similar projects that serve the purpose of promoting the development of economic resources, productive capacities, and trade of economically underdeveloped areas, and training in public administration. The term “technical cooperation programs” does not include such activities authorized by the United States Information and Educational Exchange Act of 1948 (62 Stat. 6) as are not primarily related to economic development, nor activities undertaken now or hereafter pursuant to the International Aviation Facilities Act (62 Stat. 450), nor activities undertaken now or hereafter in the administration of areas occupied by the United States Armed Forces. 22 USC 1431 note. 49 USC 1151 note.

SEC. 303. PREREQUISITES TO ASSISTANCE.—Assistance shall be made available under section 302 of this Act only where the President determines that the nation being assisted—

(a) pays a fair share of the cost of the program;

(b) provides all necessary information concerning such program and gives the program full publicity;

(c) seeks to the maximum extent possible full coordination and integration of technical cooperation programs being carried on in that nation;

(d) endeavors to make effective use of the results of the program; and

(e) cooperates with other nations participating in the program in the mutual exchange of technical knowledge and skills.

SEC. 304. AUTHORIZATION.—There is hereby authorized to be appropriated to the President for the fiscal year 1955 \$88,570,000 for technical cooperation programs in the Near East, Africa, South Asia, and Far East and Pacific, and \$28,500,000 for such programs in Latin America. In addition, unexpended balances of appropriations heretofore made pursuant to section 543 of the Mutual Security Act of 1951, as amended, are authorized to be continued available for the purposes of this section through June 30, 1955, and to be consolidated with the appropriation authorized by this section.

SEC. 305. LIMITATION ON USE OF FUNDS.—Funds made available under section 304 may be expended to furnish assistance in the form of equipment or commodities only where necessary for instruction or demonstration purposes.

SEC. 306. MULTILATERAL TECHNICAL COOPERATION.—As one means of accomplishing the purposes of this title, the United States is authorized to participate in multilateral technical cooperation programs carried on by the United Nations, the Organization of American States, their related organizations, and other international organizations, wherever practicable. There is hereby authorized to be appropriated to carry out the purpose of this section, in addition to the amounts authorized by section 304, not to exceed—

(a) \$17,958,000 for making contributions to the United Nations Expanded Program of Technical Assistance;

(b) \$1,500,000 for making contributions to the technical cooperation program of the Organization of American States.

SEC. 307. ADVANCES AND GRANTS; CONTRACTS.—The President may make advances and grants-in-aid of technical cooperation programs to any person, corporation, or other body of persons or to any foreign government agency. The President may make and perform contracts and agreements in respect of technical cooperation programs on behalf of the United States Government with any person, corporation, or other body of persons however designated, whether within or without the United States, or with any foreign government or foreign government agency. A contract or agreement which entails commitments for the expenditure of funds appropriated pursuant to this title may, subject to any future action of the Congress, run for not to exceed three years.

SEC. 308. INTERNATIONAL DEVELOPMENT ADVISORY BOARD.—There shall be an advisory board, referred to in this section as the "Board", which shall advise and consult with the President, or such other officer as he may designate to administer this title, with respect to general or basic policy matters arising in connection with the operation of programs authorized by this title, title II, and section 413 (b). The Board shall consist of not more than thirteen members appointed by the President, one of whom, by and with the advice and consent of the Senate, shall be appointed by him as chairman. The members of the Board shall be broadly representative of voluntary agencies and other groups interested in the programs, including business, labor, agriculture, public health, and education. All members of the Board shall be citizens of the United States; none except the chairman shall

be an officer or an employee of the United States (including any United States Government agency) who as such regularly receives compensation for current services. Members of the Board, other than the chairman if he is an officer of the United States Government, shall receive out of funds made available for the purpose of this title a per diem allowance of \$50 for each day spent away from their homes or regular places of business for the purpose of attendance at meetings of the Board or at conferences held upon the call of the chairman, and in necessary travel, and while so engaged they may be paid actual travel expenses and not to exceed \$10 per diem in lieu of subsistence and other expenses.

TITLE IV—OTHER PROGRAMS

SEC. 401. SPECIAL FUND.—Of the funds made available under this Act, not to exceed \$150,000,000 may be used in any fiscal year, without regard to the requirements of this Act or any other Act for which funds are authorized by this Act, in furtherance of any of the purposes of such Acts, when the President determines that such use is important to the security of the United States. Not to exceed \$100,000,000 of the funds available under this section may be expended for any selected persons who are residing in or escapees from the Soviet Union, Poland, Czechoslovakia, Hungary, Rumania, Bulgaria, Albania, Lithuania, Latvia, and Estonia or the Communist-dominated or Communist-occupied areas of Germany and Austria, or any Communist-dominated or Communist-occupied areas of Asia and any other countries absorbed by the Soviet Union, either to form such persons into elements of the military forces supporting the North Atlantic Treaty Organization or for other purposes, when the President determines that such assistance will contribute to the defense of the North Atlantic area or to the security of the United States. Certification by the President that he has expended amounts under this section not in excess of \$50,000,000, and that it is inadvisable to specify the nature of such expenditures, shall be deemed a sufficient voucher for such amounts. Not more than \$20,000,000 of the funds available under this section may be allocated to any one nation in any fiscal year.

SEC. 402. EARMARKING OF FUNDS.—Of the funds authorized to be made available pursuant to this Act not less than \$350,000,000 shall be used to finance the export and sale for foreign currencies of surplus agricultural commodities or products thereof produced in the United States, in addition to surplus agricultural commodities or products transferred pursuant to the Agricultural Trade Development and Assistance Act of 1954, and in accordance with the standards as to Ante, p. 454. pricing and the use of private trade channels expressed in section 101 of said Act. Foreign currency proceeds accruing from such sales shall be used for the purposes of this Act and with particular emphasis on the purposes of section 104 of the Agricultural Trade Development and Assistance Act of 1954 which are in harmony with the purposes of this Act. Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, the President may use or enter into agreements with friendly nations or organizations of nations to use for such purposes the foreign currencies which accrue to the United States under this section. 66 Stat. 662.
31 USC 724.

SEC. 403. SPECIAL ASSISTANCE IN JOINT CONTROL AREAS.—The President is hereby authorized to furnish commodities, services, and financial and other assistance to nations and areas for which the United States has responsibility as a result of participation in joint control arrangements where found by the President to be in the interest of the security of the United States. There is hereby authorized to be

appropriated to the President for the fiscal year 1955 not to exceed \$25,000,000 to carry out this section.

SEC. 404. RESPONSIBILITIES IN GERMANY.—Upon approval by the Secretary of State, a part of the German currency now or hereafter deposited under the bilateral agreement of December 15, 1949, between the United States and the Federal Republic of Germany (or any supplementary or succeeding agreement) shall be deposited in the GARIOA (Government and Relief in Occupied Areas) Special Account under the terms of article V of that agreement, and currency which has been or may be deposited in said account, and any portion of funds made available for assistance to the Federal Republic of Germany pursuant to section 403 of this Act, may be used for expenses necessary to meet the responsibilities or objectives of the United States in Germany, including responsibilities arising under the supreme authority assumed by the United States on June 5, 1945, and under contractual arrangements with the Federal Republic of Germany. Expenditures may be made under authority of this section in amounts and under conditions determined by the Secretary of State after consultation with the official primarily responsible for administration of programs under chapter 3 of title I, and without regard to any provision of law which the President determines must be disregarded in order to meet such responsibilities or objectives.

SEC. 405. MOVEMENT OF MIGRANTS AND REFUGEES.—(a) The President is hereby authorized to continue membership for the United States on the Intergovernmental Committee for European Migration in accordance with its constitution approved in Venice, Italy, on October 19, 1953. For the purpose of assisting in the movement of migrants, there is hereby authorized to be appropriated not to exceed \$11,189,190 for contributions during the calendar year 1955 to the Intergovernmental Committee for European Migration, and thereafter such amounts as may be necessary from time to time for the payment by the United States of its contributions to the Committee and all necessary salaries and expenses incident to United States participation in the Committee. In addition, the unexpended balance of the appropriation made pursuant to section 534 of the Mutual Security Act of 1951, as amended, is hereby authorized to be continued available for the purpose of this subsection through June 30, 1955, and to be consolidated with the appropriation authorized in this subsection.

(b) Of the funds made available under this Act, not more than \$800,000 may be used by the President to facilitate the migration to the other American Republics of persons resident in that portion of the Ryukyu Island Archipelago under United States control.

(c) There is hereby authorized to be appropriated for the fiscal year 1955 not to exceed \$500,000 for contributions to the United Nations Refugee Emergency Fund.

SEC. 406. CHILDREN'S WELFARE.—There is hereby authorized to be appropriated not to exceed \$13,500,000 for contributions during the fiscal year 1955 to the United Nations Children's Fund.

SEC. 407. PALESTINE REFUGEES IN THE NEAR EAST.—There is hereby authorized to be appropriated to the President for the fiscal year 1955, not to exceed \$30,000,000, to be used to make contributions to the United Nations Relief and Works Agency for Palestine Refugees in the Near East. In addition, the unexpended balance of the appropriation made for the Palestine refugee program in the Mutual Security Appropriation Act, 1954, is hereby authorized to be continued available for the purpose of this section through June 30, 1955. Whenever the President shall determine that it would more effectively contribute to the relief, rehabilitation, and resettlement of Palestine refugees in

64 Stat. B81.

66 Stat. 147.

22 USC 1675c.

Limitation.

67 Stat. 479.

the Near East, he may expend any part of the funds made available pursuant to this section through any other agency he may designate.

SEC. 408. NORTH ATLANTIC TREATY ORGANIZATION.—(a) In order to provide for United States participation in the North Atlantic Treaty Organization, there is hereby authorized to be appropriated for the fiscal year 1955 not to exceed \$3,200,000 for payment by the United States of its share of the expenses of the Organization, and thereafter such amounts as may be necessary from time to time for the payment by the United States of its share of the expenses of the Organization and all necessary salaries and expenses of the United States permanent representative to the Organization, of such persons as may be appointed to represent the United States in the subsidiary bodies of the Organization or in any multilateral organization which participates in achieving the aims of the North Atlantic Treaty, and of their appropriate staffs, and the expenses of participation in meetings of such organizations, including salaries, expenses, and allowances of personnel and dependents as authorized by the Foreign Service Act of 1946, as amended (22 U. S. C. 801), and allowances and expenses as provided in section 6 of the Act of July 30, 1946 (22 U. S. C. 287r).

60 Stat. 999.

60 Stat. 714.

NATO.

Permanent representative.

(b) The United States permanent representative to the North Atlantic Treaty Organization shall be appointed by the President by and with the advice and consent of the Senate and shall hold office at the pleasure of the President. Such representative shall have the rank and status of ambassador extraordinary and plenipotentiary and shall be a chief of mission, class 1, within the meaning of the Foreign Service Act of 1946, as amended (22 U. S. C. 801).

60 Stat. 999.

(c) Persons detailed to the international staff of the North Atlantic Treaty Organization in accordance with section 529 of this Act who are appointed as Foreign Service Reserve officers may serve for periods of more than four years notwithstanding the limitation in section 522 of the Foreign Service Act of 1946, as amended (22 U. S. C. 922).

60 Stat. 1009.

SEC. 409. OCEAN FREIGHT CHARGES.—(a) In order to further the efficient use of United States voluntary contributions for relief and rehabilitation in nations and areas eligible for assistance under this Act, the President may pay ocean freight charges from United States ports to designated ports of entry of such nations and areas on shipments by United States voluntary nonprofit relief agencies registered with and approved by the Advisory Committee on Voluntary Foreign Aid and shipments by the American Red Cross.

(b) Where practicable the President shall make arrangements with the receiving nation for free entry of such shipments and for the making available by that nation of local currencies for the purpose of defraying the transportation cost of such shipments from the port of entry of the receiving nation to the designated shipping point of the consignee.

(c) There is hereby authorized to be appropriated to the President for the fiscal year 1955 not to exceed \$4,400,000 to carry out the purposes of this section; and, in addition, unexpended balances of appropriations heretofore made pursuant to section 535 of the Mutual Security Act of 1951, as amended, are authorized to be continued available for the purposes of this section through June 30, 1955, and to be consolidated with the appropriation authorized in this section.

66 Stat. 147.

22 USC 1675d.

(d) In addition, any funds made available under this Act may be used, in amounts determined by the President, to pay ocean freight charges on shipments of surplus agricultural commodities, including commodities made available pursuant to any Act for the disposal abroad of United States agricultural surpluses.

SEC. 410. CONTROL ACT EXPENSES.—There is hereby authorized to be appropriated to the President for the fiscal year 1955 not to exceed \$1,300,000 for carrying out the objectives of the Mutual Defense Assistance Control Act of 1951 (22 U. S. C. 1611). In addition, in accordance with section 303 of that Act, funds made available for carrying out chapter 1 of title I of this Act shall be available for carrying out the purpose of this section in such amounts as the President may direct.

SEC. 411. ADMINISTRATIVE EXPENSES.—(a) Whenever possible, the expenses of administration of this Act shall be paid for in the currency of the nation where the expense is incurred.

(b) There is hereby authorized to be appropriated to the President for the fiscal year 1955 not to exceed \$34,700,000 for all necessary administrative expenses incident to carrying out the provisions of this Act other than chapter 1 of title I, including expenses for compensation, allowances and travel of personnel, including Foreign Service personnel whose services are utilized primarily for the purposes of this Act, and, without regard to the provisions of any other law, for printing and binding, and for expenditures outside the continental limits of the United States for the procurement of supplies and services and for other administrative purposes (other than compensation of personnel) without regard to such laws and regulations governing the obligation and expenditure of Government funds as may be necessary to accomplish the purposes of this Act.

SEC. 412. CHINESE AND KOREAN STUDENTS.—Funds heretofore allocated to the Secretary of State pursuant to the last proviso of section 202 of the China Area Aid Act of 1950 (22 U. S. C. 1547) shall continue to be available until expended, under such regulations as the Secretary of State may prescribe, using private agencies to the maximum extent practicable, for necessary expenses of tuition, subsistence, transportation, and emergency medical care for selected citizens of China and of Korea for studying or teaching in accredited colleges, universities, or other educational institutions in the United States approved by the Secretary of State for the purpose, or for research and related academic and technical activities in the United States, and such selected citizens of China who have been admitted for the purpose of study in the United States shall be granted permission to accept employment upon application filed with the Commissioner of Immigration and Naturalization pursuant to regulations promulgated by the Attorney General.

SEC. 413. ENCOURAGEMENT OF FREE ENTERPRISE AND PRIVATE PARTICIPATION.—(a) The Congress recognizes the vital role of free enterprise in achieving rising levels of production and standards of living essential to the economic progress and defensive strength of the free world. Accordingly, it is declared to be the policy of the United States to encourage the efforts of other free nations to increase the flow of international trade, to foster private initiative and competition, to discourage monopolistic practices, to improve the technical efficiency of their industry, agriculture and commerce, and to strengthen free labor unions; and to encourage the contribution of United States enterprise toward the economic strength of other free nations, through private trade and investment abroad, private participation in the programs carried out under this Act (including the use of private trade channels to the maximum extent practicable in carrying out such programs), and exchange of ideas and technical information on the matters covered by this section.

(b) In order to encourage and facilitate participation by private enterprise to the maximum extent practicable in achieving any of the purposes of this Act, the President—

65 Stat. 544.

65 Stat. 647.

22 USC 1613b.

64 Stat. 202;

65 Stat. 376.

(1) shall make arrangements to find and draw the attention of private enterprise to opportunities for investment and development in other free nations;

(2) shall accelerate a program of negotiating treaties for commerce and trade, including tax treaties, which shall include provisions to encourage and facilitate the flow of private investment to nations participating in programs under this Act;

(3) shall, consistent with the security and best interests of the United States, seek compliance by other countries or a dependent area of any country with all treaties for commerce and trade and taxes and shall take all reasonable measures under this Act or other authority to secure compliance therewith and to assist United States citizens in obtaining just compensation for losses sustained by them or payments exacted from them as a result of measures taken or imposed by any country or dependent area thereof in violation of any such treaty; and

(4) may make, until June 30, 1957, under rules and regulations prescribed by him, guaranties to any person of investments in connection with projects, including expansion, modernization, or development of existing enterprises, in any nation with which the United States has agreed to institute the guaranty program: *Provided, That—*

(A) such projects shall be approved by the President as furthering any of the purposes of this Act, and by the nation concerned;

(B) the guaranty to any person shall be limited to assuring any or all of the following:

(i) the transfer into United States dollars of other currencies, or credits in such currencies, received by such person as earnings or profits from the approved project, as repayment or return of the investment therein, in whole or in part, or as compensation for the sale or disposition of all or any part thereof;

(ii) the compensation in United States dollars for loss of all or any part of the investment in the approved project which shall be found by the President to have been lost to such person by reason of expropriation or confiscation by action of the government of a foreign nation;

(C) when any payment is made to any person pursuant to a guaranty as hereinbefore described, the currency, credits, assets, or investment on account of which such payment is made shall become the property of the United States Government, and the United States Government shall be subrogated to any right, title, claim or cause of action existing in connection therewith;

(D) the guaranty to any person shall not exceed the amount of dollars invested in the project by such person with the approval of the President plus actual earnings or profits on said project to the extent provided by such guaranty, and shall be limited to a term not exceeding twenty years from the date of issuance;

(E) a fee shall be charged in an amount not exceeding 1 per centum per annum of the amount of each guaranty under clause (i) of subparagraph (B), and not exceeding 4 per centum per annum of the amount of each guaranty under clause (ii) of such subparagraph, and all fees collected hereunder shall be available for expenditure in discharge of liabilities under guaranties made under this section until such time as all such liabilities have been discharged or have

expired, or until all such fees have been expended in accordance with the provisions of this section;

(F) the President is authorized to issue guaranties up to a total of \$200,000,000: *Provided*, That any funds allocated to a guaranty and remaining after all liability of the United States assumed in connection therewith has been released, discharged, or otherwise terminated, shall be available for allocation to other guaranties, the foregoing limitation notwithstanding. Any payments made to discharge liabilities under guaranties issued under this subsection shall be paid out of fees collected under subparagraph (E) as long as such fees are available, and thereafter shall be paid out of funds realized from the sale of notes which have been issued under authority of paragraph 111 (c) (2) of the Economic Cooperation Act of 1948, as amended, when necessary to discharge liabilities under any such guaranty;

(G) the guaranty program authorized by this paragraph shall be used to the maximum practicable extent and shall be administered under broad criteria so as to facilitate and increase the participation of private enterprise in achieving any of the purposes of this Act;

(H) as used in this paragraph—

(i) the term "person" means a citizen of the United States or any corporation, partnership, or other association created under the law of the United States or of any State or Territory and substantially beneficially owned by citizens of the United States, and

(ii) the term "investment" includes any contribution of capital goods, materials, equipment, services, patents, processes, or techniques by any person in the form of (1) a loan or loans to an approved project, (2) the purchase of a share of ownership in any such project, (3) participation in royalties, earnings, or profits of any such project, and (4) the furnishing of capital goods items and related services pursuant to a contract providing for payment in whole or in part after the end of the fiscal year in which the guaranty of such investment is made.

SEC. 414. MUNITIONS CONTROL.—(a) The President is authorized to control, in furtherance of world peace and the security and foreign policy of the United States, the export and import of arms, ammunition, and implements of war, including technical data relating thereto, other than by a United States Government agency. The President is authorized to designate those articles which shall be considered as arms, ammunition, and implements of war, including technical data relating thereto, for the purposes of this section.

(b) As prescribed in regulations issued under this section, every person who engages in the business of manufacturing, exporting, or importing any arms, ammunition, or implements of war, including technical data relating thereto, designated by the President under subsection (a) shall register with the United States Government agency charged with the administration of this section, and, in addition, shall pay a registration fee which shall be prescribed by such regulations.

(c) Any person who willfully violates any provision of this section or any rule or regulation issued under this section, or who willfully, in a registration or license application, makes any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not mis-

62 Stat. 146.
22 USC 1509(c)
(2).

leading, shall upon conviction be fined not more than \$25,000 or imprisoned not more than two years, or both.

SEC. 415. ASSISTANCE TO INTERNATIONAL ORGANIZATION.—Whenever it will assist in achieving purposes declared in this Act, the President is authorized to use funds available under sections 131 and 403 in order to furnish assistance, including by transfer of funds, directly to the North Atlantic Treaty Organization, for a strategic stockpile of foodstuffs and other supplies, or for other purposes.

SEC. 416. FACILITATION AND ENCOURAGEMENT OF TRAVEL.—The President, through such officer or commission as he may designate, shall facilitate and encourage, without cost to the United States except for administrative expenses, the promotion and development of travel by citizens of the United States to and within countries receiving assistance under this Act and travel by citizens of such countries to the United States.

SEC. 417. IRISH COUNTERPART.—Pursuant to section 115 (b) (6) of the Economic Cooperation Act of 1948, as amended, the disposition within Ireland of the unencumbered balance, in the amount of approximately 6,000,000 Irish pounds, of the special account of Irish funds established under article IV of the Economic Cooperation Agreement between the United States of America and Ireland, dated June 28, 1948, for the purposes of— 62 Stat. 151. 22 USC 1513(b) (6).

(1) scholarship exchange between the United States and Ireland;

(2) other programs and projects (including the establishment of an Agricultural Institute) to improve and develop the agricultural production and marketing potential of Ireland and to increase the production and efficiency of Irish industry; and

(3) development programs and projects in aid of the foregoing objectives,

is hereby approved, as provided in the agreement between the Government of the United States of America and the Government of Ireland, dated June 17, 1954. 62 Stat. 2910.

TITLE V—MISCELLANEOUS PROVISIONS

CHAPTER 1. GENERAL PROVISIONS

SEC. 501. TRANSFERABILITY OF FUNDS.—Whenever the President determines it to be necessary for the purposes of this Act, not to exceed 10 per centum of the funds made available pursuant to any provision of this Act may be transferred to and consolidated with the funds made available pursuant to any other provision of this Act, and may be used for any of the purposes for which such funds may be used, except that the total in the provision for the benefit of which the transfer is made shall not be increased by more than 20 per centum of the amount made available for such provision pursuant to this Act. Funds transferred under this section to furnish military assistance under chapter 1 of title I may be expended without regard to the area limits imposed by section 105 (c). Of any funds transferred under this section for the purpose of furnishing assistance under section 201, 30 per centum shall be available only for furnishing assistance on terms of repayment in accordance with section 505. Not less than 50 per centum of any assistance furnished under paragraph (1), (2), or (3) of section 201 (a) with funds transferred under this section shall be furnished on terms of repayment in accordance with section 505.

SEC. 502. USE OF FOREIGN CURRENCY.—(a) Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other pro- 66 Stat. 662. 31 USC 724.

67 Stat. 159.
22 USC 1675p.

vision of law, proceeds of sales made under section 550 of the Mutual Security Act of 1951, as amended, shall remain available and shall be used for any of the purposes of this Act, giving particular regard to the following purposes—

- (1) for providing military assistance to nations or mutual defense organizations eligible to receive assistance under this Act;
- (2) for purchase of goods or services in friendly nations;
- (3) for loans, under applicable provisions of this Act, to increase production of goods or services, including strategic materials, needed in any nation with which an agreement was negotiated, or in other friendly nations, with the authority to use currencies received in repayment for the purposes stated in this section or for deposit to the general account of the Treasury of the United States;
- (4) for developing new markets on a mutually beneficial basis;
- (5) for grants-in-aid to increase production for domestic needs in friendly countries; and
- (6) for purchasing materials for United States stockpiles.

66 Stat. 662.
31 USC 724.

60 Stat. 832.
Report to Congressional Committee.

(b) Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, local currencies owned by the United States shall be made available to appropriate committees of the Congress engaged in carrying out their duties under section 136 of the Legislative Reorganization Act of 1946, as amended, for their local currency expenses: *Provided*, That any such committee of the Congress which uses local currency shall make a full report thereof to the Committee on House Administration of the House of Representatives (if the committee using such currency is a committee of the House of Representatives) or to the Committee on Rules and Administration of the Senate (if the committee using such currency is a committee of the Senate), showing the total amount of such currency so used in each country and the purposes for which it was expended.

SEC. 503. TERMINATION OF ASSISTANCE.—(a) If the President determines that the furnishing of assistance to any nation under any provision of this Act—

- (1) is no longer consistent with the national interest or security or the foreign policy of the United States; or
- (2) would no longer contribute effectively to the purposes for which such assistance is furnished; or
- (3) is no longer consistent with the obligations and responsibilities of the United States under the Charter of the United Nations,

he shall terminate all or part of any assistance furnished pursuant to this Act. If the President determines that any nation which is receiving assistance under chapter 1 of title I of this Act is not making its full contribution to its own defense or to the defense of the area of which it is a part, he shall terminate all or part of such assistance. Assistance to any nation under any provision of this Act may, unless sooner terminated by the President, be terminated by concurrent resolution. Funds made available under this Act shall remain available for twelve months from the date of termination under this subsection for the necessary expenses of liquidating assistance programs.

(b) (1) After June 30, 1955, none of the authority conferred by this Act may be exercised for the purpose of carrying out any function authorized by title II; except that during the twelve months following such date (i) funds which have been obligated on or before that date shall remain available for expenditure, (ii) equipment, materials, commodities, and services with respect to which funds have been obligated on or before such date for procurement for, shipment

to, or delivery in a recipient country may be transferred to such country, and (iii) funds appropriated under authority of this Act may be obligated (A) for the necessary expenses of procurement, shipment, delivery, and other activities essential to such transfer and (B) for the necessary expenses of liquidating operations incident to such functions.

(2) At such time as the President shall find appropriate, the powers, duties, and authority conferred by this Act with respect to such function may be transferred for the purpose of liquidation to such other United States Government agencies as the President shall specify, and the relevant funds, records, property, and personnel may be transferred to the agencies to which the related functions are transferred.

(c) Unless sooner abolished under section 525, the Foreign Operations Administration shall cease to exist at the close of June 30, 1955.

Foreign Operations Administration.

SEC. 504. SMALL BUSINESS.—(a) Insofar as practicable and to the maximum extent consistent with the accomplishment of the purposes of this Act, the President shall assist American small business to participate equitably in the furnishing of commodities and services financed with funds authorized under titles II, III, and IV, and chapters 2 and 3 of title I, of this Act—

(1) by causing to be made available to suppliers in the United States and particularly to small independent enterprises, information, as far in advance as possible, with respect to purchases proposed to be financed with such funds,

(2) by causing to be made available to prospective purchasers in the nations receiving assistance under this Act information as to commodities and services produced by small independent enterprises in the United States, and

(3) by providing for additional services to give small business better opportunities to participate in the furnishing of commodities and services financed with such funds.

(b) There shall be an Office of Small Business, headed by a Special Assistant for Small Business, in such United States Government agency as the President may direct, to assist in carrying out the provisions of subsection (a) of this section.

Office of Small Business.

(c) The Secretary of Defense shall assure that there is made available to suppliers in the United States, and particularly to small independent enterprises, information with respect to purchases made by the Department of Defense pursuant to chapter 1 of title I, such information to be furnished as far in advance as possible.

SEC. 505. LOAN ASSISTANCE.—(a) Assistance under this Act may be furnished on a grant basis or on such terms, including cash, credit, or other terms of repayment (including repayment in foreign currencies or by transfer to the United States of materials required for stockpiling or other purposes) as may be determined to be best suited to the achievement of the purposes of this Act.

(b) Of the funds made available pursuant to this Act and foreign currencies accruing to the United States under section 402, the equivalent of not less than \$200,000,000 shall be available only for the furnishing of assistance on terms of repayment. Funds for the purpose of furnishing assistance on terms of repayment shall be allocated to the Export-Import Bank of Washington, which shall, notwithstanding the provisions of the Export-Import Bank Act of 1945 (59 Stat. 526), as amended, make and administer the credit on such terms. Credits made by the Export-Import Bank of Washington with funds so allocated to it shall not be considered in determining whether the Bank has outstanding at any one time loans and guaranties to the extent of the limitation imposed by section 7 of the Export-Import Bank Act of 1945 (59 Stat. 529), as amended. Amounts

12 USC 635 note.

Ante, p. 678.

received in repayment of principal and interest on any loan made under this section shall be held by the Treasury to be used for such purposes, including further loans, as may be authorized from time to time by Congress. Amounts received in repayment of principal and interest on any credits made under paragraph 111 (c) (2) of the Economic Cooperation Act of 1948, as amended, shall be deposited into miscellaneous receipts of the Treasury, except that, to the extent required for such purpose, amounts received in repayment of principal and interest on any credits made out of funds realized from the sale of notes heretofore authorized to be issued for the purpose of financing assistance on a credit basis under paragraph 111 (c) (2) of the Economic Cooperation Act of 1948, as amended, shall be deposited into the Treasury for the purpose of the retirement of such notes.

SEC. 506. PATENTS AND TECHNICAL INFORMATION.—(a) As used in this section—

(1) the term “invention” means an invention or discovery covered by a patent issued by the United States; and

(2) the term “information” means information originated by or peculiarly within the knowledge of the owner thereof and those in privity with him, which is not available to the public and is subject to protection as property under recognized legal principles.

(b) Whenever, in connection with the furnishing of any assistance in furtherance of the purposes of this Act—

(1) use within the United States, without authorization by the owner, shall be made of an invention; or

(2) damage to the owner shall result from the disclosure of information by reason of acts of the United States or its officers or employees,

the exclusive remedy of the owner of such invention or information shall be by suit against the United States in the Court of Claims or in the District Court of the United States for the district in which such owner is a resident for reasonable and entire compensation for unauthorized use or disclosure. In any such suit the United States may avail itself of any and all defenses, general or special, that might be pleaded by any defendant in a like action.

(c) Before such suit against the United States has been instituted, the head of the appropriate United States Government agency, which has furnished any assistance in furtherance of the purposes of this Act, is authorized and empowered to enter into an agreement with the claimant, in full settlement and compromise of any claim against the United States hereunder.

(d) The provisions of the last sentence of section 1498 of title 28 of the United States Code shall apply to inventions and information covered by this section.

(e) Except as otherwise provided by law, no recovery shall be had for any infringement of a patent committed more than six years prior to the filing of the complaint or counterclaim for infringement in the action, except that the period between the date of receipt by the Government of a written claim under subsection (c) above for compensation for infringement of a patent and the date of mailing by the Government of a notice to the claimant that his claim has been denied shall not be counted as part of the six years, unless suit is brought before the last-mentioned date.

SEC. 507. AVAILABILITY OF FUNDS.—Except as otherwise provided in sections 104 (pertaining to infrastructure), 405 (pertaining to movement of migrants), 408 (a) (pertaining to North Atlantic Treaty Organization), and 412 (pertaining to Chinese and Korean students),

62 Stat. 146.
22 USC 1509(o)
(2).

66 Stat. 757.

funds shall be available to carry out the provisions of this Act (other than sections 414 and 416) as authorized and appropriated to the President each fiscal year.

SEC. 508. LIMITATION ON FUNDS FOR PROPAGANDA.—None of the funds herein authorized to be appropriated nor any counterpart funds shall be used to pay for personal services or printing, or for other expenses of the dissemination within the United States of general propaganda in support of the mutual security program, or to pay the travel or other expenses outside the United States of any citizen or group of citizens of the United States for the purpose of publicizing such program within the United States.

SEC. 509. SHIPPING ON UNITED STATES VESSELS.—Such steps as may be necessary shall be taken to assure, as far as practicable, that at least 50 per centum of the gross tonnage of commodities, materials and equipment procured out of funds made available under sections 103, 123, 131, 132 (a), 201, 304, and 403 of this Act and transported to or from the United States on ocean vessels, computed separately for dry bulk carriers, dry cargo liner and tanker services and computed separately for section 103, and for sections 123, 131, 132 (a), 201, 304, and 403 (taken together) is so transported on United States flag commercial vessels to the extent such vessels are available at market rates for United States flag commercial vessels provided such rates are fair and reasonable; and, in the administration of this provision, steps shall be taken, insofar as practicable and consistent with the purposes of this Act, to secure a fair and reasonable participation by United States flag commercial vessels in cargoes by geographic area.

SEC. 510. PURCHASE OF COMMODITIES.—No funds made available under title II or chapter 3 of title I of this Act shall be used for the purchase in bulk of any commodities at prices higher than the market price prevailing in the United States at the time of the purchase adjusted for differences in the cost of transportation to destination, quality, and terms of payment. A bulk purchase within the meaning of this section does not include the purchase of raw cotton in bales. Funds made available under title II or chapter 3 of title I of this Act may be used for the procurement of commodities outside the United States unless the President determines that such procurement will result in adverse effects upon the economy of the United States, with special reference to any areas of labor surplus, or upon the industrial mobilization base, which outweigh the economic advantages to the United States of less costly procurement abroad. In providing for the procurement of any surplus agricultural commodity for transfer by grant under this Act to any recipient nation in accordance with the requirements of such nation, the President shall, insofar as practicable and where in furtherance of the purposes of this Act, authorize the procurement of such surplus agricultural commodity only within the United States except to the extent that any such surplus agricultural commodity is not available in the United States in sufficient quantities to supply the requirements of the nations receiving assistance under this Act.

SEC. 511. RETENTION AND RETURN OF EQUIPMENT.—(a) No equipment or materials may be transferred under title I out of military stocks if the Secretary of Defense, after consultation with the Joint Chiefs of Staff, determines that such transfer would be detrimental to the national security of the United States, or that such equipment or materials are needed by the reserve components of the Armed Forces to meet their training requirements.

(b) Any equipment, materials, or commodities procured to carry out this Act shall be retained by, or, upon reimbursement, transferred to and for the use of, such United States Government agency as the

President may determine in lieu of being disposed of to a foreign nation or international organization whenever in the judgment of the President the best interests of the United States will be served thereby, or whenever such retention is called for by concurrent resolution. Any commodities so retained may be disposed of without regard to provisions of law relating to the disposal of Government-owned property, when necessary to prevent spoilage or wastage of such commodities or to conserve the usefulness thereof. Funds realized from any such disposal or transfer shall revert to the respective appropriation or appropriations out of which funds were expended for the procurement of such equipment, materials, or commodities or to appropriations currently available for such procurement.

(c) The President shall make appropriate arrangements with each nation receiving equipment or materials under chapter 1 of title I (other than equipment or materials sold under the provisions of section 106) for the return to the United States (1) for salvage or scrap, or (2) for such other disposition as the President shall deem to be in the interest of mutual security, of any such equipment or materials which are no longer required for the purposes for which originally made available.

SEC. 512. PENAL PROVISION.—Whoever offers or gives to anyone who is or in the preceding two years has been an employee or officer of the United States any commission, payment, or gift, in connection with the procurement of equipment, materials, commodities, or services under this Act in connection with which procurement said officer, employee, former officer or former employee is or was employed or performed duty or took any action during such employment, and whoever, being or having been an employee or officer of the United States in the preceding two years, solicits, accepts, or offers to accept any commission, payment, or gift in connection with the procurement of equipment, materials, commodities, or services under this Act in connection with which procurement said officer, employee, former officer or former employee is or was employed or performed duty or took any action during such employment, shall upon conviction thereof be subject to a fine of not to exceed \$10,000 or imprisonment for not to exceed three years, or both: *Provided*, That this section shall not apply to persons appointed pursuant to sections 308 or 530 (a) of this Act.

SEC. 513. NOTICE TO LEGISLATIVE COMMITTEES.—When any transfer is made under section 105 (d) or section 501, or any other action is taken under this Act which will result in furnishing assistance of a kind, for a purpose, or to an area, substantially different from that included in the presentation to the Congress during its consideration of this Act, or which will result in expenditures greater by 50 per centum or more than the proposed expenditures included in such presentation for the program concerned, the President or such officer as he may designate shall promptly notify the Committee on Foreign Relations of the Senate, the Committee on Foreign Affairs of the House of Representatives and, when military assistance is involved, the Committees on Armed Services of the Senate and House of Representatives, stating the justification for such change. Notice shall also be given to the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives of any determination under the first sentence of section 401 (except with respect to unvouchered funds), and copies of any certification as to loyalty under section 531 shall be filed with such committees.

SEC. 514. INTERNATIONAL EDUCATIONAL EXCHANGE ACTIVITIES.—Foreign currencies or credits owed to or owned by the United States, where arising from this Act or otherwise, shall, upon a request from

the Secretary of State certifying that such funds are required for the purpose of international educational exchange activities under programs authorized by section 32 (b) (2) of the Surplus Property Act of 1944, as amended, be reserved by the Secretary of the Treasury for sale to the Department of State for such activities on the basis of the dollar value at the time of the reservation.

CHAPTER 2. ORGANIZATION AND ADMINISTRATION

SEC. 521. DELEGATION OF AUTHORITY BY THE PRESIDENT.—(a) Except as provided in subsection (b), the President may exercise any power or authority conferred on him by this Act through such agency or officer of the United States as he shall direct, and the head of such agency or such officer may from time to time promulgate such rules and regulations as may be necessary and proper to carry out functions under this Act and may delegate authority to perform any of such functions to his subordinates acting under his direction.

(b) After June 30, 1955, the President shall exercise the powers conferred upon him under title III of this Act through the Secretary of State.

SEC. 522. ALLOCATION AND REIMBURSEMENT AMONG AGENCIES.—(a) The President may allocate or transfer to any United States Government agency any part of any funds available for carrying out the purposes of this Act, including any advance to the United States by any nation or international organization for the procurement of equipment or materials or services. Such funds shall be available for obligation and expenditure for the purposes for which authorized, in accordance with authority granted in this Act or under authority governing the activities of the Government agencies to which such funds are allocated or transferred. Funds allocated to the Department of Defense shall be governed as to reimbursement by the procedures of subsection (c) of this section.

(b) Any officer of the United States performing functions under this Act may utilize the services and facilities of, or procure commodities from, any United States Government agency as the President shall direct, or with the consent of the head of such agency, and funds allocated pursuant to this subsection to any such agency may be established in separate appropriation accounts on the books of the Treasury.

(c) Reimbursement shall be made to any United States Government agency, from funds available to carry out chapter 1 of title I of this Act, for any assistance furnished under that chapter from, by, or through such agency. Such reimbursement shall be in an amount equal to the value (as defined in section 545) of the equipment and materials, services (other than salaries of members of the Armed Forces of the United States), or other assistance furnished, plus expenses arising from or incident to operations under that chapter. The amount of any such reimbursement shall be credited as reimbursable receipts to current applicable appropriations, funds, or accounts of such agency and shall be available for, and under the authority applicable to, the purposes for which such appropriations, funds, or accounts are authorized to be used, including the procurement of equipment and materials or services, required by such agency, in the same general category as those furnished by it or authorized to be procured by it and expenses arising from and incident to such procurement.

(d) In the case of any commodity, service, or facility procured from any United States Government agency under any provision of this Act other than chapter 1 of title I, reimbursement or payment shall be made to such agency from funds available to carry out such provision.

Such reimbursement or payment shall be at replacement cost, or, if required by law, at actual cost, or at any other price authorized by law and agreed to by the owning or disposal agency. The amount of any such reimbursement or payment shall be credited to current applicable appropriations, funds, or accounts from which there may be procured replacements of similar commodities, services, or facilities, except that where such appropriations, funds, or accounts are not reimbursable except by reason of this subsection, and when the owning agency determines that such replacement is not necessary, any funds received in payment therefor shall be covered into the Treasury as miscellaneous receipts.

(e) In furnishing assistance under this Act and in making surplus agricultural commodities available under section 402 accounts may be established on the books of any United States Government agency or, on terms and conditions approved by the Secretary of the Treasury, in banking institutions in the United States, against which (i) letters of commitment may be issued which shall constitute obligations of the United States, and moneys due or to become due under such letters of commitment shall be assignable under the Assignment of Claims Act of 1940, as amended, and (ii) withdrawals may be made by recipient nations or agencies, organizations or persons upon presentation of contracts, invoices, or other appropriate documentation. Expenditure of funds which have been made available through accounts so established shall be accounted for on standard documentation required for expenditure of Government funds: *Provided*, That such expenditures for commodities or services procured outside the continental limits of the United States may be accounted for exclusively on such certification as may be prescribed in regulations approved by the Comptroller General of the United States.

SEC. 523. COORDINATION WITH FOREIGN POLICY.—(a) Nothing contained in this Act shall be construed to infringe upon the powers or functions of the Secretary of State.

(b) The President shall prescribe appropriate procedures to assure coordination among representatives of the United States Government in each country, under the leadership of the Chief of the United States Diplomatic Mission.

SEC. 524. THE SECRETARY OF DEFENSE.—(a) In the case of aid under chapter 1 of title I of this Act, the Secretary of Defense shall have primary responsibility for—

- (1) the determination of military end-item requirements;
- (2) the procurement of military equipment in a manner which permits its integration with service programs;
- (3) the supervision of end-items used by the recipient countries;
- (4) the supervision of the training of foreign military personnel;
- (5) the movement and delivery of military end-items; and
- (6) within the Department of Defense, the performance of any other functions with respect to the furnishing of military assistance.

(b) The establishment of priorities in the procurement, delivery, and allocation of military equipment shall be determined by the Secretary of Defense. The determination of the value of the program for any country under chapter 1 of title I shall be made by the President.

SEC. 525. FOREIGN OPERATIONS ADMINISTRATION.—Except as modified pursuant to this section or section 521, the Director of the Foreign Operations Administration (referred to in this chapter as the "Director") shall continue to perform the functions vested in him on the effective date of this Act, except insofar as such functions relate to

continuous supervision and general direction of programs of military assistance. The President may transfer to any agency or officer of the United States, and may modify or abolish, any function, office, or entity of the Foreign Operations Administration or any officer or employee thereof, and may transfer such personnel, property, records, and funds as may be necessary incident thereto.

SEC. 526. MISSIONS AND STAFFS ABROAD.—The President may maintain special missions or staffs abroad in such nations and for such periods of time as may be necessary to carry out this Act. Each such special mission or staff shall be under the direction of a chief. The chief and his deputy shall be appointed by the President and may, notwithstanding any other law, be removed by the President at his discretion. The chief shall be entitled to receive (1) in cases approved by the President, the same compensation and allowances as a chief of mission, class 3, or a chief of mission, class 4, within the meaning of the Foreign Service Act of 1946 (22 U. S. C. 801), or (2) compensation and allowances in accordance with section 527 (c) of this Act, as the President shall determine to be appropriate. 60 Stat. 999.

SEC. 527. EMPLOYMENT OF PERSONNEL.—(a) Any United States Government agency performing functions under this Act is authorized to employ such personnel as the President deems necessary to carry out the provisions and purposes of this Act.

(b) Of the personnel employed in the United States on programs authorized by this Act, not to exceed sixty may be compensated without regard to the provisions of the Classification Act of 1949, as amended, of whom not to exceed thirty-five may be compensated at rates higher than those provided for grade 15 of the general schedule established by the Classification Act of 1949, as amended, and of these, not to exceed fifteen may be compensated at a rate in excess of the highest rate provided for grades of such general schedule but not in excess of \$15,000 per annum. Such positions shall be in addition to those authorized by law to be filled by Presidential appointment, and in addition to the number authorized by section 505 of the Classification Act of 1949, as amended. 63 Stat. 954. 5 USC 1071 note. 5 USC 1105.

(c) For the purpose of performing functions under this Act outside the continental limits of the United States, the Director may—

(1) employ or assign persons, or authorize the employment or assignment of officers or employees of other United States Government agencies, who shall receive compensation at any of the rates provided for the Foreign Service Reserve and Staff by the Foreign Service Act of 1946, as amended (22 U. S. C. 801), together with allowances and benefits established thereunder including, in all cases, post differentials prescribed under section 443 of the Foreign Service Act; and persons so employed or assigned shall be entitled to the same benefits as are provided by section 528 of the Foreign Service Act for persons appointed to the Foreign Service Reserve and, except for policy-making officials, the provisions of section 1005 of the Foreign Service Act shall apply in the case of such persons; and 60 Stat. 999. 22 USC 888. 22 USC 928. 22 USC 807.

(2) utilize such authority, including authority to appoint and assign personnel for the duration of operations under this Act, contained in the Foreign Service Act of 1946, as amended (22 U. S. C. 801), as the President deems necessary to carry out functions under this Act. Such provisions of the Foreign Service Act as the President deems appropriate shall apply to personnel appointed or assigned under this paragraph, including, in all cases, the provisions of sections 443 and 528 of that Act.

(d) For the purpose of performing functions under this Act outside the continental limits of the United States, the Secretary of State may,

at the request of the Director, appoint for the duration of operations under this Act alien clerks and employees in accordance with applicable provisions of the Foreign Service Act of 1946, as amended (22 U. S. C. 801).

60 Stat. 999.

SEC. 528. DETAIL OF PERSONNEL TO FOREIGN GOVERNMENTS.—(a) Whenever the President determines it to be consistent with and in furtherance of the purposes of this Act, the head of any United States Government agency is authorized to detail or assign any officer or employee of his agency to any office or position to which no compensation is attached with any foreign government or foreign government agency: *Provided*, That such acceptance of office shall in no case involve the taking of an oath of allegiance to another government.

(b) Any such officer or employee, while so assigned or detailed, shall be considered, for the purpose of preserving his privileges, rights, seniority, or other benefits as such, an officer or employee of the Government of the United States and of the Government agency from which assigned or detailed, and he shall continue to receive compensation, allowances, and benefits from funds available to that agency or made available to that agency out of funds authorized under this Act.

SEC. 529. DETAIL OF PERSONNEL TO INTERNATIONAL ORGANIZATIONS.—(a) Whenever the President determines it to be consistent with and in furtherance of the purposes of this Act, the head of any United States Government agency is authorized to detail, assign, or otherwise make available to any international organization any officer or employee of his agency to serve with or as a member of the international staff of such organization, or to render any technical, scientific or professional advice or service to or in cooperation with such organization.

(b) Any such officer or employee, while so assigned or detailed, shall be considered, for the purpose of preserving his allowances, privileges, rights, seniority and other benefits as such, an officer or employee of the Government of the United States and of the Government agency from which detailed or assigned, and he shall continue to receive compensation, allowances, and benefits from funds available to that agency or made available to that agency out of funds authorized under this Act. He may also receive, under such regulations as the President may prescribe, representation allowances similar to those allowed under section 901 of the Foreign Service Act of 1946, as amended (22 U. S. C. 801). The authorization of such allowances and other benefits and the payment thereof out of any appropriations available therefor shall be considered as meeting all the requirements of section 1765 of the Revised Statutes.

22 USC 1131.

5 USC 70.

(c) Details or assignments may be made under this section—

(1) without reimbursement to the United States by the international organization;

(2) upon agreement by the international organization to reimburse the United States for compensation, travel expenses, and allowances, or any part thereof, payable to such officer or employee during the period of assignment or detail in accordance with subsection (b) of this section; and such reimbursement shall be credited to the appropriation, fund, or account utilized for paying such compensation, travel expenses, or allowances, or to the appropriation, fund, or account currently available for such purposes;

(3) upon an advance of funds, property, or services to the United States accepted with the approval of the President for specified uses in furtherance of the purposes of this Act; and funds so advanced may be established as a separate fund in the Treasury of the United States, to be available for the specified

uses, and to be used for reimbursement of appropriations or direct expenditure subject to the provisions of this Act, any unexpended balance of such account to be returned to the international organization; or

(4) subject to the receipt by the United States of a credit to be applied against the payment by the United States of its share of the expenses of the international organization to which the officer or employee is detailed, such credit to be based upon the compensation, travel expenses and allowances, or any part thereof, payable to such officer or employee during the period of assignment or detail in accordance with subsection (b) of this section.

SEC. 530. EXPERTS AND CONSULTANTS OR ORGANIZATIONS THEREOF.—

(a) Experts and consultants or organizations thereof, as authorized by section 15 of the Act of August 2, 1946 (5 U. S. C. 55a), may be employed by any United States Government agency for the performance of functions under this Act, and individuals so employed may be compensated at rates not in excess of \$75 per diem, and while away from their homes or regular places of business, they may be paid actual travel expenses and per diem in lieu of subsistence and other expenses at a rate not to exceed \$10 while so employed within the continental limits of the United States and at the applicable rate prescribed in the Standardized Government Travel Regulations (Foreign Areas) while so employed outside the continental limits of the United States. 60 Stat. 810.

(b) Persons of outstanding experience and ability may be employed without compensation by any United States Government agency for the performance of functions under this Act in accordance with the provisions of section 710 (b) of the Defense Production Act of 1950, as amended (50 U. S. C. App. 2160), and regulations issued thereunder. 64 Stat. 819.

SEC. 531. SECURITY CLEARANCE.—No citizen or resident of the United States may be employed, or if already employed, may be assigned to duties by the Director under this Act for a period to exceed three months unless—

(a) such individual has been investigated as to loyalty and security by the Civil Service Commission, or by the Federal Bureau of Investigation in the case of specific positions which have been certified by the Director as being of a high degree of importance or sensitivity or in case the Civil Service Commission investigation develops data reflecting that the individual is of questionable loyalty, and a report thereon has been made to the Director, and until the Director has certified in writing (and filed copies thereof with the Senate Committee on Foreign Relations and the House Committee on Foreign Affairs) that, after full consideration of such report, he believes such individual is loyal to the United States, its Constitution, and form of government, and is not now and has never knowingly been a member of any organization advocating contrary views; or

(b) such individual has been investigated by a military intelligence agency and the Secretary of Defense has certified in writing that he believes such individual is loyal to the United States and filed copies thereof with the Senate Committee on Foreign Relations and the House Committee on Foreign Affairs.

This section shall not apply in the case of any officer appointed by the President by and with the advice and consent of the Senate, nor shall it apply in the case of any person already employed under programs covered by this Act who has been previously investigated in connection with such employment.

SEC. 532. EXEMPTION OF PERSONNEL FROM CERTAIN FEDERAL LAWS.—

(a) Service of an individual as a member of the Board established pursuant to section 308 of this Act or as an expert or consultant under

section 530 (a) shall not be considered as service or employment bringing such individual within the provisions of title 18, U. S. C., section 281, 283 or 284, or of section 190 of the Revised Statutes (5 U. S. C. 99), or of any other Federal law imposing restrictions, requirements, or penalties in relation to the employment of persons, the performance of services, or the payment or receipt of compensation in connection with any claim, proceeding, or matter involving the United States, except insofar as such provisions of law may prohibit any such individual from receiving compensation in respect of any particular matter in which such individual was directly involved in the performance of such service; nor shall such service be considered as employment or holding of office or position bringing such individual within the provisions of section 6 of the Act of May 22, 1920, as amended (5 U. S. C. 715), section 212 of the Act of June 30, 1932, as amended (5 U. S. C. 59a), or any other Federal law limiting the reemployment of retired officers or employees or governing the simultaneous receipt of compensation and retired pay or annuities.

(b) Notwithstanding section 2 of the Act of July 31, 1894 (5 U. S. C. 62), which prohibits certain retired officers from holding certain office, any retired officer of any of the services mentioned in the Career Compensation Act of 1949 may hold any office or appointment under this Act or the Mutual Defense Assistance Control Act of 1951, but the compensation of any such retired officer shall be subject to the provisions of the Act of June 30, 1932 (5 U. S. C. 59a), which does not permit retired pay to be added to the compensation received as a civilian officer.

SEC. 533. WAIVERS OF CERTAIN FEDERAL LAWS.—Whenever the President determines it to be in furtherance of purposes declared in this Act, the functions authorized under this Act may be performed without regard to such provisions of law (other than the Renegotiation Act of 1951, as amended) regulating the making, performance, amendment, or modification of contracts and the expenditure of Government funds as the President may specify.

SEC. 534. REPORTS.—The President, from time to time while funds appropriated for the purpose of this Act continue to be available for obligation, shall transmit to the Congress reports covering each six months of operations, in furtherance of the purposes of this Act, except information the disclosure of which he deems incompatible with the security of the United States. Reports provided for under this section shall be transmitted to the Secretary of the Senate or the Clerk of the House of Representatives, as the case may be, if the Senate or the House of Representatives, as the case may be, is not in session. Such reports shall include detailed information on the implementation of sections 504 and 413 (b) of this Act.

SEC. 535. COOPERATION WITH INTERNATIONAL ORGANIZATIONS.—(a) The President is authorized to request the cooperation of or the use of the services and facilities of the United Nations, its organs and specialized agencies, or other international organizations, in carrying out the purposes of this Act, and may make payments by advancements or reimbursements, for such purposes, out of funds made available for the purposes of this Act, as may be necessary therefor, to the extent that special compensation is usually required for such services and facilities: *Provided*, That nothing in this section shall be construed to authorize the delegation to any international or foreign organization or agency of authority to decide the method of furnishing assistance under this Act to any country or the amount thereof.

(b) Whenever the President determines it to be in furtherance of the purposes of this Act, United States Government agencies, on request of international organizations, are authorized to furnish sup-

62 Stat. 697.

56 Stat. 14.

47 Stat. 406.

28 Stat. 205;

43 Stat. 245.

37 USC 231 note.

22 USC 1611

note.

65 Stat. 7.

50 USC app. 1211

note.

plies, materials, and services, on an advance of funds or reimbursement basis, to such organizations. Such advances or reimbursements may be credited to the current applicable appropriation or fund of the agency concerned and shall be available for the purposes for which such appropriations and funds are authorized to be used.

SEC. 536. JOINT COMMISSION ON RURAL RECONSTRUCTION IN CHINA.—The President is authorized to continue to participate in the Joint Commission on Rural Reconstruction in China and to appoint citizens of the United States to the Commission.

CHAPTER 3. REPEAL AND MISCELLANEOUS PROVISIONS

SEC. 541. EFFECTIVE DATE.—This Act shall take effect on the date of its enactment. Effective date.

SEC. 542. STATUTES REPEALED.—(a) There are hereby repealed— Repeals.

- (1) an Act to provide for assistance to Greece and Turkey, approved May 22, 1947, as amended; 61 Stat. 103.
22 USC 1401
 - (2) the joint resolution to provide for relief assistance to the people of countries devastated by war, approved May 31, 1947, as amended; note.
61 Stat. 125.
22 USC 1411-1417.
 - (3) the Foreign Aid Act of 1947; 61 Stat. 934.
 - (4) the Foreign Assistance Act of 1948, as amended; including the Economic Cooperation Act of 1948, as amended, the International Children's Emergency Fund Assistance Act of 1948, as amended, the Greek-Turkish Assistance Act of 1948, and the China Aid Act of 1948, as amended; 22 USC 1411 note.
62 Stat. 137.
22 USC 1503
 - (5) the Mutual Defense Assistance Act of 1949, as amended; note, 1531 note,
1409 note,
 - (6) the Foreign Economic Assistance Act of 1950, as amended; including the Economic Cooperation Act of 1950, the China Area Aid Act of 1950, as amended, the United Nations Palestine Refugee Aid Act of 1950, and the Act for International Development, as amended; 1541 note.
63 Stat. 714.
22 USC 1571 note.
64 Stat. 198.
 - (7) the Far Eastern Economic Assistance Act of 1950, as amended; 22 USC 1509 note, 1547 note,
1556 note,
 - (8) the Yugoslav Emergency Relief Assistance Act of 1950; 1557 note.
 - (9) the Mutual Security Act of 1951, as amended; 64 Stat. 5.
 - (10) the Mutual Security Act of 1952; 22 USC 1551
 - (11) the Mutual Security Act of 1953; note.
 - (12) section 12 of the joint resolution of Congress approved November 4, 1939 (54 Stat. 10; 22 U. S. C. 452); 64 Stat. 1122.
22 USC 1558.
 - (13) section 4 of the Act of March 3, 1925 (50 Stat. 887; 50 U. S. C. 165); and 65 Stat. 373.
22 USC 1651
 - (14) section 968 of title 18, United States Code. note.
- (b) References in other Acts to the Acts listed in subsection (a) shall hereafter be considered to be references to the appropriate provisions of this Act. 66 Stat. 141.
22 USC 1651 note.
- (c) The repeal of the Acts listed in subsection (a) shall not be deemed to affect amendments contained in such Acts to Acts not named in subsection (a). 67 Stat. 152.
22 USC 16751 note.

SEC. 543. SAVING PROVISIONS.—

(a) Except as may be expressly provided to the contrary in this Act, all determinations, authorizations, regulations, orders, contracts, agreements, and other actions issued, undertaken or entered into under authority of any provision of law repealed by section 542 shall continue in full force and effect until modified by appropriate authority.

(b) Where provisions of this Act establish conditions which must be complied with before use may be made of authority contained in or funds authorized by this Act, compliance with substantially similar conditions under Acts named in section 542 shall be deemed to constitute compliance with the conditions established by this Act. 62 Stat. 748.

62 Stat. 143.
22 USC 1508 (a)
(2).

62 Stat. 13.
22 USC 1431,
1434-1440.

(c) No person in the service or employment of the United States or otherwise performing functions under an Act repealed by section 542 or under section 408 shall be required to be reappointed or reemployed by reason of the entry into force of this Act, except that appointments made pursuant to section 110 (a) (2) of the Economic Cooperation Act of 1948, as amended, shall be converted to appointments under section 527 (c) of this Act.

SEC. 544. AMENDMENTS TO OTHER LAWS.—(a) Title X of the United States Information and Educational Exchange Act of 1948, as amended (22 U. S. C. 1431), is amended by adding the following new section:

“INFORMATIONAL MEDIA GUARANTIES

62 Stat. 146.
22 USC 1509(o)
(2).

Repeal.
63 Stat. 685.
22 USC 281b,
281b-1.
Institute of
Inter-American
Affairs.
61 Stat. 780.
42 Stat. 20.
59 Stat. 597.

“SEC. 1011. The Director of the United States Information Agency may make guaranties, in accordance with the provisions of subsection (b) of section 413 of the Mutual Security Act of 1954, of investments in enterprises producing or distributing informational media consistent with the national interests of the United States against funds heretofore made available by notes issued to the Secretary of the Treasury pursuant to section 111 (c) (2) of the Economic Cooperation Act of 1948, as amended, for purposes of guaranties of investments: *Provided, however,* That the amount of such guaranties in any fiscal year shall be determined by the President but shall not exceed \$10,000,000.”

(b) Section 1 of Public Law 283, Eighty-first Congress, is repealed. The Institute of Inter-American Affairs, created pursuant to Public Law 369, Eightieth Congress (22 U. S. C. 281), shall have succession until June 30, 1960, and may make contracts for periods not to exceed five years: *Provided,* That any contract extending beyond June 30, 1960, shall be made subject to termination by the said Institute upon notice: *And provided further,* That the said Institute shall, on and after July 1, 1954, be subject to the applicable provisions of the Budget and Accounting Act, 1921, as amended (31 U. S. C. 1), in lieu of the provisions of the Government Corporation Control Act, as amended (31 U. S. C. 841).

SEC. 545. DEFINITIONS.—For the purposes of this Act—

(a) The term “commodity” includes any commodity, material, article, supply, or goods.

(b) The term “surplus agricultural commodity” means any agricultural commodity or product thereof, class, kind, type, or other specification thereof, produced in the United States either publicly or privately owned, which is in excess of domestic requirements, adequate carryover, and anticipated exports for dollars, as determined by the Secretary of Agriculture.

(c) The terms “equipment” and “materials” shall mean any arms, ammunition, or implements of war, or any other type of material, article, raw material, facility, tool, machine, supply or item that would further the purpose of chapter 1 of title I, or any component or part thereof, used or required for use in connection therewith, or required in or for the manufacture, production, processing, storage, transportation, repair, or rehabilitation of any equipment or materials, but shall not include merchant vessels.

(d) The term “mobilization reserve”, as used with respect to any equipment or materials, means the quantity of such equipment or materials determined by the Secretary of Defense under regulations prescribed by the President to be required to support mobilization of the Armed Forces of the United States in the event of war or national emergency until such time as adequate additional quantities of such equipment or materials can be procured.

(e) The term "excess", as used with respect to any equipment or materials, means the quantity of such equipment or materials owned by the United States which is in excess of the mobilization reserve of such equipment or materials.

(f) The term "services" shall include any service, repair, training of personnel, or technical or other assistance or information necessary to effectuate the purposes of this Act.

(g) The term "Armed Forces of the United States" shall include any component of the Army of the United States, of the United States Navy, of the United States Marine Corps, of the Air Force of the United States, of the United States Coast Guard, and the Reserve components thereof.

(h) The term "value" means—

(1) with respect to any excess equipment or materials furnished under chapter 1, of title I, the gross cost of repairing, rehabilitating, or modifying such equipment or materials prior to being so furnished;

(2) with respect to any nonexcess equipment or materials furnished under chapter 1 of title I which are taken from the mobilization reserve (other than equipment or materials referred to in paragraph (3) of this subsection), the actual or the projected (computed as accurately as practicable) cost of procuring for the mobilization reserve an equal quantity of such equipment or materials or an equivalent quantity of equipment or materials of the same general type but deemed to be more desirable for inclusion in the mobilization reserve than the equipment or materials furnished;

(3) with respect to any nonexcess equipment or materials furnished under chapter 1 of title I which are taken from the mobilization reserve but with respect to which the Secretary of Defense has certified that it is not necessary fully to replace such equipment or materials in the mobilization reserve, the gross cost to the United States of such equipment and materials or its replacement cost, whichever the Secretary of Defense may specify; and

(4) with respect to any equipment or materials furnished under chapter 1 of title I which are procured for the purpose of being so furnished, the gross cost to the United States of such equipment and materials.

In determining the gross cost incurred by any agency in repairing, rehabilitating, or modifying any excess equipment furnished under chapter 1 of title I, all parts, accessories, or other materials used in the course of repair, rehabilitation, or modification shall be priced in accordance with the current standard pricing policies of such agency. For the purpose of this subsection, the gross cost of any equipment or materials taken from the mobilization reserve means either the actual gross cost to the United States of that particular equipment or materials or the estimated gross cost to the United States of that particular equipment or materials obtained by multiplying the number of units of such particular equipment or materials by the average gross cost of each unit of that equipment and materials owned by the furnishing agency.

(i) The term "United States Government agency" means any department, agency, board, wholly or partly owned corporation, or instrumentality, commission, or establishment of the United States Government.

SEC. 546. CONSTRUCTION.—(a) If any provision of this Act or the application of any provision to any circumstances or persons shall be held invalid, the validity of the remainder of the Act and applicability

All 68 Stat. 864.

of such provision to other circumstances or persons shall not be affected thereby.

(b) Nothing in this Act shall alter, amend, revoke, repeal, or otherwise affect the provisions of the Atomic Energy Act of 1946, as amended (42 U. S. C. 1801).

(c) Nothing in this Act is intended nor shall it be construed as an expressed or implied commitment to provide any specific assistance, whether of funds, commodities, or services, to any nation or nations, or to any international organization.

SEC. 547. REDUCTION OF AUTHORIZATIONS.—Notwithstanding the foregoing provisions of this Act, such provisions shall not be construed to authorize the appropriation for the fiscal year 1955, for the purposes of titles I, II, and IV of this Act, of amounts (exclusive of unexpended balances of prior appropriations authorized to be continued available under such provisions) aggregating in excess of \$2,918,040,000.

Approved August 26, 1954.

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